

# INTERNATIONAL Herald Tribune

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Algeria	130 Dr.	Iran	136 Bsh.	Nigeria	120 K
Angola	155 L	Israel	15.00	Norway	450 Nkr.
Austria	0.600 Dm.	Italy	80 Lira	Poland	0.650 Zloty
Belgium	20 Bfr.	Japan	108 Yen	Portugal	40 Esc.
Canada	1.31 Cdn.	South Africa	40 Rand	Romania	16.00 Lei
Czechoslovakia	400 Kcs.	Switzerland	4.50 Sfr.	Soviet Union	20 Rub.
Denmark	5.50 Dkr.	USSR	15.00 R.	Taiwan	1.50 Dhs.
France	6.5 F.	West Germany	1.80 M.	Thailand	15 Baht
Great Britain	1.00 P.	Yugoslavia	22.5 D.		

Established 1887

## Kremlin Intensifies Warning To Polish Union Reformers

By John F. Burns  
New York Times Service

MOSCOW — The Soviet Union stepped up its warnings to Polish reformers Monday by giving wide publicity to an open letter from Soviet workers to their Polish counterparts that invoked the Soviet and Polish governments' obligations under the Warsaw Pact to defend Communism "from any encroachment."

At the same time, Pravda, quoted the editor of its counterpart paper in Czechoslovakia, Rude Prava, as telling the paper's workers that "vigilance" was required in the face of Polish developments that recalled events in Czechoslovakia in 1968 and in Hungary in 1956. Those were the last occasions when Soviet troops crushed bids for more responsive government in Soviet bloc nations.

"Solidarity branches Monday issued resolutions branding a warning letter from the Kremlin as interference in Polish affairs, and the union's leadership gave notice that it would not be intimidated by



Belgian Premier Mark Eyskens on his return from a first visit to King Baudouin Monday. After an emergency Cabinet meeting and a second visit to the king, he gave his resignation.

## Belgian Premier Hands In Resignation

BRUSSELS — The center-left coalition government resigned Monday night after a Cabinet rift over financing the troubled steel industry.

The royal palace said Premier Mark Eyskens handed in the resignation of his five-month-old administration and King Baudouin accepted it.

The resignation followed a day of tense negotiations that failed to reach agreement on rescuing the money-losing steel giant Cockerill-Sambre. The French-speaking Socialist Party insisted that funds for the company's modernization must be discussed. The other three coalition parties disagreed.

The palace said the king had asked Mr. Eyskens' cabinet to stay on in a caretaker capacity.

The coalition, made up of the French and Flemish-speaking wings of the Social-Christian and Socialist parties, was the fourth Belgian government to fall in the past 16 months. It held 140 seats in the 212-member parliament.

The crisis began last Friday when the Socialists said they would refuse to attend Cabinet meetings not devoted entirely to finding funds for Cockerill-Sambre.

## A U.S. Correspondent Admonished by China

By James P. Sterba  
New York Times Service

PEKING — The Chinese government strongly admonished Monday it would no longer tolerate reporting by foreign journalists in Peking about the activities of Chinese dissidents.

The Ministry of Foreign Affairs accused a Washington Post reporter of defying government regulations in reporting a dissident's purported account of his imprisonment in a Peking jail cell and providing labor camp.

It was the strongest admonition issued to a foreign journalist here since reporters from the United States were allowed to open offices two and a half years ago.

A Foreign Ministry spokesman said Michael Weiskopf, the Post's Peking correspondent, had violated a regulation adopted by the state council in May regarding the activities of foreign journalists.

The article says, "The journalistic activities of resident correspondents shall not go beyond the limit of normal news coverage." Until Monday, that limit had not been defined.

## U.S.-S. African Talks on Namibia Start on Hushed but Hopeful Note

From Agency Dispatches

ZURICH — U.S. envoy Chester A. Crocker began private talks Monday with senior South African officials on independence for South-West Africa (Namibia), diplomatic sources said.

Mr. Crocker, assistant secretary of state for African affairs, was meeting at an undisclosed location here with Brand Fourie, director-general of South African foreign affairs, and Danie Hough, administrator-general for Namibia.

The talks, expected to continue Tuesday, were requested by the Pretoria government, reportedly to discuss the timetable and other aspects of a 1978 UN plan to bring independence to Namibia, the sources said. South Africa rules the territory under a League of Nations mandate that was repudiated by the United Nations in 1966.

Another topic of the Zurich talks reportedly is a proposal that Western countries would comprise the largest part of a UN peacekeeping force during elections in Namibia.

Neither the United States nor South Africa would comment officially about the talks. "It's clearly their intention to meet quietly and keep it that way," a U.S. diplomat source said.

However, in Windhoek, capital of the disputed territory, a white political leader, Dirk Mudge, said plans for free elections in Namibia seemed to be coming to a head.

Mr. Mudge, chairman of the ruling multiracial Democratic Turnhalle Alliance, was one of the

## East German Criticism

BERLIN (Reuters) — East Germany said Monday that the situation in Poland had reached a decisive and extremely dangerous phase for the Polish people. A report from the Warsaw correspondent of the East German news agency blamed Solidarity and "those who have retreated before Solidarity's continual threats."

East German criticism of the Solidarity movement in Poland has been growing since the union's national congress in Gdansk. The union's demand last week for a crackdown had raised the level of anger before Saturday's scheduled reconstitution of the union's national congress in Gdansk.

"There's enough fuel now to start up everybody," the spokesman said when asked if the Kremlin letter would dampen the spirit of the meeting.

"Before the attacks it looked as if the second half of the congress would be more business," Mr. Onyszkiewicz said. "Now the temperature is much higher."

"People simply do not want to show that they will give up under such threats," he said.

In a newspaper interview that became available Monday, a member of the Communist Party's 270-member Central Committee talked openly of the prospect that the party might have to relinquish power and go into opposition.

The committee member, Walerian Solinski, told the youth daily Stuzard Miodych that a total breakdown of law and order accompanied by civil disobedience could lead to a loss of power. In that case, he said, "The party should prepare itself to relinquish power for some time and become an opposition party. Opposition activities and a power struggle strengthen every party."

In a northern district 26 factory committees signed one Solidarity statement accusing Moscow of violating Polish sovereignty.

Another, from the eastern region of Biala Podlaska, close to the Soviet frontier, took exception to a Soviet bloc propaganda campaign against a message from the Solidarity congress advocating free trade unionism in other Warsaw Pact states.

"If the message to working people in Eastern Europe is meddling in the internal affairs of the Socialist countries, then what should one call official threats by the Soviet party and government to Poland?" the Solidarity branch asked.

## Sikhs Riot in Punjab After Sect Chief Held

'Saint' Gave Up at Fortress; Secessionist Spirit Seen Underlying Violence

By Michael T. Kaufman  
New York Times Service

NEW DELHI — Violence swept parts of the Indian state of Punjab Monday following the arrest on murder charges of a Sikh militant whose followers carry spears and swords and live lives reminiscent of crusading knights.

Just after the sect's leader, Jarnail Singh, surrendered on Sunday from his fortress about 40 miles (64 kilometers) from Amritsar, police fired on a crowd of his followers who threw stones and attacked cars and stores. Nine persons were killed in the firing, and 14 policemen were reported injured.

As news of the arrest and rioting spread through the various Sikh groups, protests were mounted in virtually every large center. Some shop owners closed their stores in Simla. In Jullundur, three persons were killed when masked men riding a motor bike began shooting in a Hindu area.

Hindu Editor Slain

In Patiala, police used sticks in charging a procession of angry Sikhs and arrested 44 persons. Meanwhile, the chief minister of the state, Darbasi Singh, called on representatives of all Sikh factions as well as of secular political groups to meet with him Tuesday to discuss ways to foster communal harmony and maintain law and order in the state, which has become the breadbasket of India.

While the spark that set off the disorders seems to have been the arrest of the leader of the so-called Bhindrawale Sikhs, the underlying causes relate to the appeals by radical Sikh elements for a separate state. A dispute that led to Jarnail Singh's arrest was the murder 12 days ago of an 82-year-old Hindu newspaper editor who had written critically of Sikh separatism.

Three men who had chased the editor's car on a motorcycle and allegedly shot him were seized. After their interrogation a warrant was issued for Mr. Singh. He negotiated his surrender with authorities during a two-day period.

Mr. Singh, 33, who is referred to as a saint by his followers, urged his warriors to remain peaceful. He said the murder charge against him was without foundation and he said that by offering himself for arrest he was setting the stage for a confrontation between "good and evil" and upholding "the highest traditions of the Sikh faith."

The police reported that shortly after the militant leader left under a heavy police escort, the crowd gathered and charged police units. The police said they were forced to fire when tear gas failed to deter the attackers.

Actually, Jarnail Singh does not appear to be in the forefront of the Sikh secessionist campaign. This is being led by young university graduates and students who openly call for severing the Punjab from India. Some of the militant Sikhs "have close ties to the student radicals but Mr. Singh himself has shied away from an outright endorsement of full independence, although he has said that the Sikh way of life is under threat.

In any case, his Bhindrawale group is relatively small, having a few hundred adherents. So far, its fiercest confrontations have been with the Nirankari Sikhs, a schismatic sect regarded as apostates by traditional Sikhs because they regard living men as prophets. Last year, the head of the Nirankaris, a man worshipped by his followers, was shot to death in New Delhi. Mr. Singh was mentioned in the investigation but was never arrested, and the crime remains unsolved.

While the fundamentalist Sikh "knights" and the student activists represent only a small segment of the Sikh community, there is a widespread sense of alienation among Sikhs that can be aroused.

At the Golden Temple in Amritsar, the Sikh's holiest shrine, representatives of all Sikh groups observed two minutes of silence for those who died in the firing.

## 121 Executed by Firing Squads In Continuing Iranian Campaign

BERUT — Revolutionary firing squads executed 121 more persons in Iran as Ayatollah Ruhollah Khomeini's regime continued its campaign against opponents of the fundamentalist Islamic regime, a Tehran newspaper reported Monday.

The death lists published by Jamhoobi Eslami, official voice of the ruling Islamic Republican Party, gave the names of 106 persons put to death in Tehran Sunday night. Another 15 persons were executed Sunday night in cities stretching from Kerman in the south to Sanandaj in the northwest province of Kurdistan.

In most cases the newspaper did not give the crimes of which the condemned were found guilty. However, most of the people executed since President Abolhasan Bani-Sadr was dismissed on June 22 have been accused of belonging to underground leftist groups waging guerrilla warfare against the Khomeini regime.

Harsher Measures

Executions of Khomeini opponents have escalated since the Mujahiddin Khalq launched a campaign of bombings and assassinations after Mr. Bani-Sadr's dismissal. After a series of street clashes between Khomeini loyalists and opponents in the past two weeks, prosecutors in Tehran vowed to take even harsher measures against dissidents.

Hussein Tabriz, Iran's general prosecutor, declared Friday night that demonstrators arrested on the streets will henceforth be tried and sentenced on the spot. Tehran's revolutionary prosecutor, Assadollah Lajavadi, on Saturday vowed that anyone, even children of 12 years, would be executed if they were caught participating in protests against the regime.

The exact number of anti-government executions is hard to pin-

## U.S. Panel Urges \$12.50 per Day As Compensation to Ex-Hostages

WASHINGTON — A presidential panel on Monday recommended that the government pay each of the former American hostages in Iran \$12.50 per day as compensation for their ordeal.

If the proposal is approved by President Reagan, each of the 52 former hostages held in captivity for 444 days would be entitled to \$5.50 in compensation. According to the panel's report, any compensation would have to be approved by Congress.

The nine-member commission, which included former Secretary of State Cyrus R. Vance, released its recommendations after three months of deliberations. The compensation idea was one of eight specific proposals involving various benefits.

The panel said the tax-exempt payments were similar to those given to Vietnam prisoners of war and interned civilians in Vietnam and to the crew of the USS Pueblo, which was detained by North Korean authorities for 11 months in 1968.

The \$12.50 per day compensation fell far short of the figure suggested by Bruce Clegg, the attorney for the hostages and their families. He told the commission that considering the execution threats, torture and other mistreatment of the hostages, "you would be likely to pay a minimum of \$1,000 for each day of captivity for each hostage."

His proposal would have cost the government \$23 million.

## INSIDE Cambodia Hunger

Serious food shortages in Cambodia are driving inhabitants to the Thai border region in growing numbers and increasing the pressures on the Phnom Penh government and its guerrilla foes. The shortage, attributable largely to an erratic monsoon that ruined crops with drought and flooding, have dashed the hopes expressed by some UN relief officials only a couple of months ago that Cambodia would be self-sufficient in food by year's end.

INSIDE

Cambodia Hunger

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## TOMORROW Austrian Banking

Banking and finance in Austria will be examined in a special supplement that will appear in Wednesday's International Herald Tribune.



# Moscow Freshens Bread Message

## Russians Reminded a Stale Loaf Is Better Than None

By Serge Schmemmann  
New York Times Service

MOSCOW — The display at Bread Store 886 in a new housing development on the western edge of Moscow was as appetizing as it was unusual.

Backed by a tall sheaf of golden wheat, two matrons in white gowns stood behind a counter displaying luscious cakes, small pizzas, bouncy gelatin desserts and a creamy mousse. The women informed each new wave of shoppers. "Just think, these dishes were all made from stale bread!"

Sure enough, alongside the samples — which were not, however, for public tasting — lay leaflets giving recipes for all sorts of tasty

things that the chefs at Aeroport Restaurant had concocted from stale bread, white and black. They ranged from basic croissants to an elaborate apple babka.

**Proud Treat**

The display at Bread Store 886 was part of a nationwide campaign over the past six months to conserve bread, the heavily subsidized staple of the Soviet diet. The immediate concern is evidently the prospect of another bad harvest, and the resulting necessity of large foreign purchases with precious foreign currency.

The easiest means of conserving bread, a capitalist would argue, would be to raise its price. But it

has become a proud tenet of the Communist Party that Soviet people means affordable bread for all. Announcing stiff price increases on "necessentials" such as gasoline, jewelry, fine chinaware and furs, the head of the state committee on prices, Nikolai T. Glushkov, reminded Russians that the price of bread and other basic foods had not changed since 1955.

Despite the propaganda benefits gained from feeding the multitudes with cheap and plentiful bread, keeping the price disproportionately low has encouraged widespread waste and misuse. It has also clashed with the government's policy of conserving grain and trying to channel more of it toward meat and dairy production.

The results of the anti-waste campaign are not yet available, but it is hard to imagine that the tired men and women pouring out of packed buses to buy a loaf of bread at less than 20 kopecks, about 26 cents at the official exchange rate, will have the time, energy or incentive to use the elaborate recipes.

In one of the many recent articles on bread in the Soviet press, Pravda tried to impress on its readers that if each day every family throws out just one crust weighing three and a half ounces (100 grams), the nation as a whole is throwing out more than 2 million tons of bread, or the product of 3.2 million acres (1.3 million hectares) of land, daily.

**Farmer Complaints**

Citing what it said were some of the thousands of letters received on the subject, Pravda said that farmers were complaining that in some areas bread was being fed to cattle and hogs. A writer from Kursk said: "I often see people walking out of a bread store with 15 to 20 loaves. Clearly it's not for them — it's to feed their pigs, chickens and ducks."

If the farmers get feed grain cheaply, they can produce cheaper meat and poultry — and, thus, lower consumer dependence on bread. That, in turn, would free more grain for feed and help achieve the government's long-standing goal of balancing consumption of meat and bread.

The consumption of bread in the Soviet Union remains high by Western standards. But a letter to Pravda suggests that the Communist authorities still feel that the political problem of reducing bread supplies is more serious than the economic burden of maintaining underpriced, overabundant supplies.

"Bread, like peace, is most dear to us," V.A. Ostapov of Kiev wrote. "It is a great triumph of our people that bread to every taste is always present on the shelves of our bread shops and on our dining tables. Even in years of bad harvests we get enough bread — the Soviet government sees to it."



Officers searched a car in Beirut during a day in which there were three new bombing incidents.

# Bomb Explodes, 2 Defused in Lebanon

The Associated Press

BEIRUT — A booby-trapped gas cylinder exploded in an empty store Monday and two car bombs were defused in new bombing incidents in Lebanon, according to radio reports.

The state radio said an explosive charge rigged inside a gas cylinder went off prematurely in a store that sells gas canisters in a residential neighborhood of Tripoli. No injuries were reported.

The broadcast said the premature explosion spared Lebanon's second largest city a "catastrophic

disaster." The port city is 50 miles (80 kilometers) north of Beirut.

The report also said the Beirut police had defused a car bomb in front of a hotel on a busy street in West Beirut, the predominantly Moslem sector of the capital where four persons were killed and 35 injured in a theater bombing Sunday.

**Bomb Defused in Sidon**

From Sidon, Lebanon's third largest city, the privately owned Voice of Lebanon radio station reported that another car bomb had

been defused in the main square. The police could not immediately confirm the report.

At least 20 civilians were killed and 108 injured in an explosion Thursday at the regional headquarters of the Palestine Liberation Organization in Sidon.

A shadowy rightist group calling itself the Front for the Liberation of Lebanon From Aliens claimed responsibility for the blast. The group also said it was responsible for the theater bombing in the capital Sunday and for other explosions.

# Iraq Asks Israeli Expulsion From World Atomic Agency

From Agency Dispatches

VIENNA — Iraq called today for the expulsion of Israel from the International Atomic Energy Agency because of its attack on an Iraqi nuclear plant.

Addressing the opening session of the 25th general conference of the Vienna-based agency, set up to promote peaceful nuclear energy and prevent diversion of nuclear materials to military use, the Iraqi delegate accused Israel of "premeditated and unprovoked aggression" against Iraq last June.

Rabim Abid al-Khatib said the Israeli raid violated the agency's statute and the 1968 International Nonproliferation Treaty, which obliges signatories to place their nuclear installations under agency safeguards.

The Iraqi call followed a recommendation by the agency's board of governors that Israel be expelled from the 111-member organization after its air force bombed a French-built nuclear research reactor near Baghdad.

Israel said at the time it made the attack to prevent manufacture of atomic bombs in an act of self-defense.

Israel, widely thought to be capable of making and deploying atomic weapons, is the only Middle East state not to have signed the nonproliferation treaty.

The United States, which opposed the board of governors' resolution to expel Israel, said Monday that punitive action against Israel would do great harm to the agency and to the global nonproliferation movement.

"We would view such action with grave concern," U.S. delegate Kenneth Davis said, adding that the key to the agency's success was its ability to keep extraneous political factors outside its workings.

Earlier Monday, Sigvard Eklund, the head of the agency, called for urgent revisions of existing treaties to prevent attacks such

as the Israeli raid on the Iraqi reactor.

Mr. Eklund, who is retiring as general director of the agency, issued his appeal at the start of the organization's weeklong regular meeting in the Hofburg Palace.

"This incident points out the urgent need for enlarging the scope of the additional protocol of 1977 to the Geneva convention of 1949," Mr. Eklund said. That protocol prohibits military attacks against nuclear power plants.

# Despite Protests, Atomic Plant Gets NRC's Go-Ahead

The Associated Press

WASHINGTON — The Nuclear Regulatory Commission on Monday gave a California nuclear power plant, which has been the target of a week-long protest, permission to load fuel and begin low-power operation.

The NRC voted 5-0 to grant a low-power operating permit for the Diablo Canyon nuclear power plant near San Luis Obispo. The five commissioners said a more important decision on allowing the plant to go to full power will not be made until after hearings are completed during the next several months.

The commission's decision was expected to spark renewed attempts by protesters to block the start-up of the Diablo Canyon plant, where 1,192 demonstrators have already been arrested.

Officials of Pacific Gas & Electric Co. have maintained that the demonstrators will have no effect on starting up the plant. They say the nuclear fuel already is at the site and that, if necessary, the plant's workers will be housed on the grounds with helicopters ready to airlift supplies.

Mr. Shamir said the two nations had discussed Israeli "facilities" for U.S. planes and ships, as well as maintenance and repair, joint naval maneuvers, with common ground force exercises a possible topic for later talks, and the stockpiling of arms and medical supplies in Israel for use by U.S. troops.

Mr. Shamir declined to equate the word "facilities" with bases. "This term military bases is not

# Israeli Foreign Minister Says Broad Area Covered in New Strategic Ties With U.S.

By Bernard D. Nossiter  
New York Times Service

NEW YORK — The United States and Israel plan a broad spectrum of air, sea and ground cooperation under the new doctrine of strategic collaboration, according to a ranking Israeli official.

Foreign Minister Yitzhak Shamir, in a weekend interview, said that leaders of the two nations had discussed Israeli "facilities" for U.S. planes and ships, as well as maintenance and repair, joint naval maneuvers, with common ground force exercises a possible topic for later talks, and the stockpiling of arms and medical supplies in Israel for use by U.S. troops.

Mr. Shamir declined to equate the word "facilities" with bases. "This term military bases is not

very clear," he said. "People speak of facilities."

But his description of the new military bonds planned between Israel and the United States suggests far more ties than have yet been made public. The phrase "strategic collaboration" was used by Secretary of State Alexander M. Haig Jr. after President Reagan and Prime Minister Menachem Begin of Israel concluded two days of talks in Washington on Sept. 10.

Details of the new collaboration are to be worked out in November, Mr. Shamir said, in discussions in Washington between Defense Secretary Caspar W. Weinberger and Defense Minister Ariel Sharon.

Mr. Shamir readily acknowledged that Israel's security would be enhanced by the new military ties, but emphasized that they were designed to counter Soviet influence in the Middle East, not Israel's Arab foes.

"In the past, we have had cooperation on specific problems like the defense of Israel proper," he said. "Now there will be cooperation in the defense of the Middle East against Soviet penetration."

As examples of Soviet influence, Mr. Shamir cited Moscow's military alliance and joint maneuvers with Syria; the Soviet weapons

sold to feed Libya's "ambitious plans to be very powerful," and the Kremlin's support for the Palestine Liberation Organization and the Marxist nation of South-eastern Yemen.

Mr. Shamir said the Reagan-Begin talks "were on principles, without details." But among the subjects discussed were "facilities and various services given to the U.S. Air Force and Navy in the Mediterranean," the foreign minister said, adding: "The Air Force needs maintenance. They can have it in Israel. There can be facilities in any port for the Navy."

Up to now, Israel and the United States have talked only of joint naval exercises, Mr. Shamir said, adding that joint maneuvers by ground troops were a possibility.

"Maybe," he replied, but so far this has not been discussed. The proposed stockpiles of weapons and medical supplies could be used by the U.S. Rapid Deployment Force, a new combat team created to fly in and protect Middle East oil supplies. Mr. Shamir said the role of the Rapid Deployment Force in Israel still had to be discussed.

Mr. Shamir acknowledged that the concept of a regional "strategic consensus," which is advocated by Mr. Haig, was far from perfected. Apart from Egypt, the region's anti-Soviet Arab countries do not recognize Israel. "For the moment," Mr. Shamir said, the area's military cooperation will be "between us and the U.S. and these countries and the U.S."



WHEN YOU MAKE THE FOLKS BACK HOME WANT TO BE IN YOUR SHOES, SAVE SOME DUTCH GUILDERS ON THE CALL.

Who wouldn't want to be in your shoes? Especially when those feet will be taking you to the famous cheese markets, flower auctions, gorgeous canals, windmills, and a Van Gogh or two. So share it all with your family and friends back home. But before you make that call, here are some guilder-saving tips.

**SAVE ON SURCHARGES**

Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money.

**SAVE WITH A SHORTIE**

In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

**SAVE THESE OTHER WAYS**

Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid

surcharges altogether by calling from the post office or from other telephone centers.

**SAVE NIGHTS & WEEKENDS**

Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

Now that you've learned to walk on wood, you've saved a little shoe leather. And now that you've learned the calling tips, you'll find it easy to foot the phone bill.



Reach out and touch someone

# Soviet Vatican Experts Kept Busy Analyzing Words of Polish Pope

By Paul Hofmann  
International Herald Tribune

ROME — Whenever Pope John Paul II makes a public utterance in Polish or any other statement that may have a bearing on Polish affairs, the Soviet Embassy here at once sends the text and a first evaluation to Moscow.

The Soviet Vatican watchers — who are not exactly under deep cover — are quite busy now. The pontiff, the best-known and by far most prestigious Pole in the world, appears gravely concerned about the crisis in his homeland, and determined to help avert a national catastrophe.

The Vatican section of the well-staffed Soviet mission to the Italian republic was beefed up in 1978 when, for the first time, a Slav was elected head of the Roman Catholic Church. Other embassies here have also stepped up their reporting on the Vatican.

The pontiff, still recovering in the papal summer residence at Castel Gandolfo from the after-effects of the attempt on his life May 13, leaves no doubt that he is deeply committed to "my fatherland," as he refers to Poland again and again.

**Mother Tongue**

The first non-Italian pope since the Renaissance and a linguist, he occasionally apologizes for speaking in his mother tongue in public — but what he says in Polish is often particularly topical.

One does not have to be a professional analyst to read into the papal remarks more or less veiled messages to the Polish people, the Warsaw government, the independent labor movement Solidarity and Moscow. The substance: Poles must be firm in defense of their faith, their national identity and their human rights, but at the same time they ought to be realistic.

Unconventional as John Paul is, he will telephone members of the hierarchy or other friends in Poland to seek his first-hand information and give advice.

"The Holy Father and his entourage are not so naive as to not know that all kinds of secret conversations may monitor their phone conversations," an informed ecclesiastic said. "Sometimes you talk on the assumption that a third

party — or a fourth and a fifth — may listen in."

For more confidential exchanges, there are other channels. For instance, the passengers on the daily flights between Warsaw and Rome almost always include some churchmen or nuns. Few, if any, persons outside Poland are so well informed on what is going on there as the pontiff.

"Pope John Paul is his own Polish desk officer," a Vatican diplomat said. The head of the Holy See's foreign service, Cardinal Agostino Casaroli, an expert on Eastern Europe, and his assistants are said to feel that the pontiff wants to handle Polish problems himself.

High Vatican circles were surprised to learn from Polish sources that the Pope was intending to revisit his homeland next year. Apparently he had not told even close associates in the Vatican's Secretariat of State about such plans.

In 1982 it will be 600 years that the revered image of the "Black Madonna" was brought to the sanctuary of Jasna Gora near Cracow. John Paul's journey to Poland — and his pilgrimage to Jasna Gora — in 1979 set off a national groundswell that almost certainly contributed to the birth of Solidarity.

# Air Hostess Killed On Jet to London

The Associated Press

LONDON — A World Airways air hostess was crushed in a crew elevator aboard a DC-10 flying from Baltimore to London's Gatwick Airport, officials of the U.S. Federal Aviation Administration said.

Karen Williams, 24, based in Washington, was crushed Sunday between the elevator cab and the door frame on Flight 32, which departed for London at 10:30 p.m. Sunday.

The elevator is one of two aboard the jet that operate between the main deck level and a galley, where food is prepared, at the jetline's lower bay. Crews carry cargo and equipment, the other is for the flight crew.

# WORLD NEWS BRIEFS

## 300 Believed Dead in Amazon Boat Mishap

OBIDOS, Brazil — Divers searched the Amazon River Monday for the bodies of as many as 300 people on a riverboat that disappeared in waters infested with man-eating piranhas.

Officials said on Sunday that the riverboat, which was overloaded with up to 500 passengers and hundreds of tons of cargo when it capsized and sank early Saturday in the river port of Obidos in the heart of the Amazon jungle.

"We've got 40 divers working to clear the entryways that are clogged up with a cargo of beer bottles," Capt. Elio Palhares said. "Once they break into the cabins area we're expecting that all at once we'll find as many as 100 or 200 bodies." At least 178 persons survived the accident.

## Typhoon Clara Approaches Hong Kong, China

HONG KONG — A typhoon, designated Clara, moved toward Hong Kong and the southern coast of China on Monday, threatening the region with gale-force winds, drenching rains and flooding, forecasters said.

On Sunday, the typhoon tore through farmlands in the Philippines' northern island of Luzon, knocking down communications and power lines and leaving about 600 people homeless. Landslides isolated mountain towns, and floods inundated lowlands.

On Monday evening, the storm was less than 300 miles (480 kilometers) southwest of Hong Kong and was moving toward the Chinese coast. Hong Kong Royal Observatory forecast heavy rain and winds by Tuesday and said there would be some flooding in low-lying areas.

## Israel Minister Wins Delay in Larceny Trial

TEL AVIV — Abner Abuhazzeira, the controversial minister of labor, welfare and immigrants absorption, won another round Monday in his fight to get out of standing trial for larceny.

His attorneys obtained a high court order in Jerusalem instructing the district court judge who had set Tuesday for plea entry to show cause within 20 days why the proceedings should not be halted until the Knesset decides whether to lift the minister's parliamentary immunity. The attorney general, Yitzhak Zamir, received the same order.

Mr. Abuhazzeira's immunity was already lifted May 18 by parliament but a new house was elected June 30 and Mr. Abuhazzeira was returned as head of a three-man party, Tami. His attorneys argue that he can now be tried unless the new parliament lifts his parliamentary immunity. Last May, while serving as religious affairs minister, he was acquitted on bribery charges.

## 7 Die in Crash of U.S. Air Force Cargo Plane

INDIAN SPRINGS AIR FORCE BASE, Nev. — Seven men died and at least 61 were injured when an Air Force cargo plane carrying troops, smoke grenades and flares crashed and exploded Monday in the Nevada desert.

Air Force Col. Mike Wallace said 20 passengers and crew members aboard the C-130 were hospitalized following the crash and 41 men were treated at local hospitals and released.

The huge aircraft, which was taking part in night maneuvers, was one mile short of the landing strip at Indian Springs Air Force Base, about 60 miles (96 kilometers) northwest of Las Vegas, when an explosion ripped through the aircraft, possibly igniting the fuel tanks, officials said.

## Zia Warns Russia on Afghanistan 'Occupation'

ISLAMABAD, Pakistan — President Mohammed Zia ul-Haq said Monday that Pakistan would never accept the Soviet "occupation" of neighboring Afghanistan and that this had been made clear to Moscow.

He was speaking to municipal councilors and tribal elders at a town in Baluchistan province where Pakistani authorities had reported two Afghan border attacks early this month. Radio Pakistan reported.

Gen. Zia said Pakistan was not in a position to wage war against a superpower but was making all efforts in international forums for the withdrawal of the estimated 85,000 Soviet troops in Afghanistan.

## Environmental Limits Proposed for Norway Aid

OSLO — Premier Gro Harlem Brundtland's outgoing Labor Party government has recommended that Norway in the future should not grant economic aid to development projects which could harm the environment and natural resources in less developed countries.

An Environment Ministry spokeswoman said Monday that Norway should "not participate in projects which could cause comprehensive, long-lasting damage to the environment and natural resources of developing countries and should also see to it that state-subsidized private establishments or investments in such countries are not causing such damage."

It was not immediately known if the new Norwegian minority government headed by Conservative leader Kaare Willoch, which will take office next month, would retain the foreign aid policy.

# American Airlines Offers 5-Year to Life Fare Plan

United Press International

DALLAS — American Airlines announced a fare plan Monday that will allow travelers to fly at the same rate for five years to a lifetime, depending on the plan.

Called AAirpass, the plan's appeal depends on public expectation of continued inflation. A spokesman said the company plans to close the offer around the end of March.

A spokesman said that the value of the fare, offered in five-year, 10-year, 15-year and lifetime plans that allow 25,000 miles of travel per year, will increase with inflation.

"Assuming a 12 percent air transportation inflation rate and current costs of \$200 per 1,000 miles," he said, "the five-year AAirpass offers a corporate purchaser a pre-tax return of 22.9 percent on the initial payment."

**Leisure Plan**

Besides the 25,000-mile passes, the airline is offering a "leisure lifetime" plan for those 62 or older allowing 12,500 miles per year, a five-year plan for travelers 65 and older allowing 12,500 mile per year and an "unlimited lifetime" pass allowing unlimited mileage in any service for as long as the designated participant lives.

To lure travelers, introductory prices for the 25,000-mile per year packages are being offered at \$19,000 for the five-year plan, \$39,500 for the 10-year plan and \$58,900 for the lifetime plan.

The plan allows a drop in the cost of travel of 4 cents from the 15.7 cent-per-mile currently available under standard air fares.

If successful, the plan will inject money into the company's cash pool, which at the end of August was \$360 million.

A spokesman said that "even with our most optimistic sales forecast, we are talking about a minimum level of future traffic [with the new plan] of less than 2 percent of our revenue passenger miles."

# Gandhi Accuses U.S. of Wanting Bases in Pakistan

Rosier

SYDNEY — Indian Prime Minister Indira Gandhi Monday sharply criticized the United States and accused it of wanting to establish bases in Pakistan.

In an interview with The Sydney Morning Herald, Mrs. Gandhi said that U.S. arms aid to Pakistan was a deliberate irritant to the Soviet Union. She said that the aid was "the first step to try and get bases or a base."

Mrs. Gandhi accused Washington of trying to make Pakistan replace Iran as its policeman in the region and said that the Americans were hostile to India because "we do not fit in with their global strategy."

She said the United States was "generally used to people toeing their line and they don't like a country which pursues an independent course."



# Haig Says Opponents Of A WACS in Senate May Change Attitude

By Bernard Gwertzman  
New York Times Service  
WASHINGTON — Secretary of State Alexander M. Haig Jr. says that the list of 50 senators opposed to the sale of AWACS radar surveillance planes to Saudi Arabia is "replete with soft spots" and that he can name a dozen senators who are "ready to reconsider" their position.

## African Unit Eases Threat Of Boycott

The Associated Press  
BADEN-BADEN, West Germany — African sports leaders, who have threatened to boycott the 1984 Olympic Games in Los Angeles because of the U.S. tour by South Africa's Springboks rugby team, eased their pressure Monday.

Abraham Ordiz, president of the Supreme Council for Sport in Africa, had a private talk with Juan Antonio Samaranch, president of the International Olympic Committee (IOC), after which Mr. Ordiz said: "1984 is a long way ahead. President Samaranch has spoken out very strongly and very clearly against the visit to America of the South African team, and this has restrained us for the moment in considering what action we ought to take."

Following a controversial tour of New Zealand, the Springboks played a game at Rangoon, Wis., Saturday and have two further games scheduled in the United States. The Organization of African Unity, a political federation, has hinted that African countries may boycott the Los Angeles Olympics if the Springboks played in the United States.

# U.S. to Keep Some of Iran's Assets Frozen Until Tehran Releases Embassy and Funds

United Press International  
WASHINGTON — The United States will maintain control of Iran's embassy, consular property and keep an estimated \$2 billion in assets frozen until the Islamic government surrenders the gutted U.S. Embassy complex in Tehran, the State Department announced Monday.

An attorney for the Iranian interest section, maintained at the Algerian Embassy in Washington, said the action violated the terms of the agreement that led to the release of the 52 American hostages in Tehran on Jan. 20.

However, State Department spokesman Alan Romberg said the U.S. position was separate from the hostage release agreement.

"We do not accept that we have acted in bad faith when only a month ago we transferred over \$2 billion of Iranian assets in compliance with our obligations under the agreement," he said.

who were co-sponsoring a resolution to block the sale of the package. One of the 19 Republicans on the list, Sen. S.I. Hayakawa of California, later said he was incorrectly listed.

But Sen. Packwood and Sen. Henry M. Jackson, Democrat of Washington, said seven other senators had indicated that they were also opposed but had not signed the list, giving the opponents of the deal a seemingly solid bloc of votes against it.

Under the law, Congress will have 30 days beginning on Oct. 1 to stop the sale by majority votes in both houses. The administration believes it is a foregone conclusion that the Democratic-led House will vote against it and is concentrating its efforts in the Senate. If only the House votes no, the sale will go through.

Mr. Haig, who has consistently asserted that the administration will eventually prevail once all the arguments are heard, said on a U.S. television program that "the list that Senator Packwood has put forward is also replete with soft spots."

"I could name for you today a dozen senators who have already conveyed that their intent to that letter is soft and they are ready to reconsider and to objectively look at what we have to offer," he said.

Private Briefings  
The administration is currently briefing senators individually and in private about what it claims are arrangements worked out with Saudi Arabia for the use of the AWACS (Airborne Warning and Control Systems) that Mr. Haig has said will meet the legitimate needs of Israel and American allies in the Gulf.

Only 16 senators, the secretary said, had been briefed so far. He added that 50 would be briefed by the end of this month when consideration of the deal officially begins.

"I am very, very confident that a number of these men, who put their names on an expression of concern — and not a vote, not a vote — will reconsider and rejoin the president in this important initiative," Mr. Haig said.

Sen. John Glenn, Democrat of Ohio, who announced his own opposition to the deal last week, but did not sign the Packwood list, said he could support the sale if there were a joint U.S.-Saudi command in control of the planes. But Mr. Haig said Sunday that such a compromise was impossible.

"We are convinced that the government of Saudi Arabia could not enter into an arrangement of the kind described by Senator Glenn without a serious blow to their sovereignty and national pride," Mr. Haig said.

# 8th Prisoner Joins the Fast By Republicans in Belfast

United Press International  
BELFAST — An eighth IRA prisoner joined the Maze prison hunger strike Monday and a Protestant extremist group that killed a Belfast hairdresser said it had a list of other suspected IRA informers.

The Irish Republican Army named Jim Devine, 24, serving a 10-year sentence for possessing bomb-making equipment, to join seven others on the death fast to secure concessions that would amount to regaining the status of political prisoners. Britain has adamantly refused their demands.

The hairdresser, Eugene Mulholland, 25, was killed on a Belfast sidewalk Saturday by gunfire from a passing car. Mr.



A workman nailed decorative lights around the new Belize flag before independence ceremonies at midnight Sunday.

# Britain Will Consult 6 Other States On Response if Belize Is Attacked

LONDON — In a statement welcoming Belize's independence Monday, the Foreign Office said that Britain would consult with six other states on what action to take if the country, which was Britain's last American mainland colony, comes under armed attack.

The United Kingdom was lowered for the last time at midnight Sunday in a ceremony attended by Britain's Prince Michael and delegates from more than 50 countries.

The Foreign Office said Britain would consult with the Bahamas, Barbados, Canada, Guyana, Jamaica and Trinidad on what action to take if Belize was faced or threatened with armed external attack.

Neighboring Guatemala, which has a long-standing territorial dispute with the former colony, has refused to accept Belize's independence. No agreement between the two was reached before Belize became independent.

A garrison of 1,600 British troops guarding Belize's border is to stay there "for an appropriate period," the British government has said. "The declaration is not aimed at anybody, but ... to bolster Belize's sovereignty and territorial integrity," one informed British source said.

# Duarte Would Meet Rebels, He Says in Visit to Reagan

United Press International  
WASHINGTON — President Jose Napoleon Duarte of El Salvador met for 20 minutes Monday with President Reagan and told him he is willing to undertake negotiations with rival factions in his nation in exchange for a pledge to end violence.

# Briton With Air Rifle Detained Near Palace

The Associated Press  
LONDON — A 17-year-old British youth was arrested outside Buckingham Palace after a police officer searched him and found that he was carrying an air gun, the authorities reported.

A spokesman at Scotland Yard said the youth had been behaving suspiciously and was stopped Sunday and searched by a uniformed officer. No charges were filed immediately, but the youth was held for questioning. No members of the royal family were in the palace at the time.

# 2 Civilians, 2 Soldiers Escape East Germany

The Associated Press  
COBURG, West Germany — Two soldiers and two civilians made nighttime escapes across the "death strip" from East to West Germany, Bavarian police said Monday.

The two East German soldiers who fled together wore civilian clothes and made the crossing without their weapons, a Bavarian border police spokesman said.

# Corrosion May Force Shutoff of N.Y. Reactor

By Matthew L. Wald  
New York Times Service  
NEW YORK — A component of the Consolidated Edison Co.'s eight-year-old Indian Point 2 nuclear plant is corroding far faster than expected, and the utility fears that the plant may have to be shut for a year for repairs costing \$100 million.

The problem, involving rust in a bundle of tubing called a steam generator, also affects 16 other reactors around the country. Four of them already have been shut for repairs and another is set to be shut soon.

Steam generators are designed to last for the 40-year life of a nuclear plant, but Con Edison estimates that repair at the \$73-million plant may be necessary sooner, possibly four years from now.

# Callaghan Calls Labor Arms Idea 'Immoral' Policy

The Associated Press  
LONDON — A call by leaders of Britain's opposition Labor Party to scrap the nation's nuclear defense system was "illogical and immoral," former Prime Minister James Callaghan said Monday.

He said unilateral disarmament would fuel doubts in the United States over Britain's intentions, increase anxiety in Europe and prompt other European nations to make "arrangements" with Moscow.

Mr. Callaghan, Labor prime minister from 1976 to 1979, spoke at a news conference called to publicize a pamphlet detailing the case against dismantling all nuclear bases in Britain.

Disarmament was among topics discussed in a meeting at the Kremlin last week between the Labor Party leader, Michael Foot, and Soviet President Leonid I. Brezhnev.

The pamphlet, prepared by the Committee for Transatlantic Understanding, a group of moderate Labor former government ministers and union leaders, says unilateral disarmament would "put the independence and way of life in our country at risk on the assumption that the Soviet Union would never take advantage of a helpless Britain."

Mr. Duarte, according to this official, "indicated there is a readiness to undertake negotiations" with the warring leftist and rightist movements — the products, he said, of a "culture of violence."

Once the violence ends, the official said Mr. Duarte told Mr. Reagan, negotiations can begin on "peaceful elections."

Mr. Duarte's told reporters, "We are eager to find a political solution," adding that he has asked the revolutionaries to state whether they favor democracy or anarchy.

# 20th Prisoner Joins the Fast By Republicans in Belfast

United Press International  
BELFAST — A 20th IRA prisoner joined the Maze prison hunger strike Monday and a Protestant extremist group that killed a Belfast hairdresser said it had a list of other suspected IRA informers.

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are immersed in nonradioactive water that drives the plant's turbines. If the tubes crack or leak, the clean water is contaminated. At Indian Point 2, a leak during testing earlier this year caused a small release of radioactivity from the plant.

Indian Point 2's four steam generators and those at the four reactors that have been or are to be replaced were all built by Westinghouse in the early 1970s.

The Virginia Electric and Power Co.'s twin 775-megawatt Surry reactors in Gravel Neck, Va., were shut for repair last year, one for more than 12 months, and the other for slightly less, at a cost of \$112 million for both, plus replacement power.

The Florida Power and Light Co. recently began replacement work on its Turkey Point unit 2; unit 4 will undergo the same repairs in coming months. The cost is put at \$68 million each, plus about \$750,000 a day for replacement power for each of the twin 666-megawatt units.

# Delay, Race Issue Cloud New York Voting

By John J. Goldman  
Los Angeles Times Service  
NEW YORK — An election that had shaped up as a two-party coronation of Mayor Edward I. Koch has turned into a unique contest in which procedures and processes have eclipsed candidates and campaigns.

New York City's court-postponed primary is now scheduled to be held Tuesday. But fresh legal challenges could force further delays, and the mayor and his aides will be keeping their fingers crossed right up to the time the polls open.

A U.S. appeals court halted the primary Sept. 8 in a dispute over whether the reapportionment of City Council districts discriminated against minorities, and this set in motion a chain of events sure to cause bitterness and divisiveness in New York City well after the votes are finally counted.

Mr. Koch's opponent is Assemblyman John A. Esposito of Queens. Mr. Esposito has little money, but he is seeking the support of an electorate with a large percentage of voters who, like the candidates, are Italian-American and conservative.

Mr. Koch is one of the most popular mayors in New York City's history, a fact reflected in all-

most every political poll. Then why are some of his closest advisers frowning?

They fear that what normally would have been a triumph on Tuesday will be clouded by racial rivalries raised by the City Council challenges. And these challenges could persist into the second four years of a Koch administration. The challenges could also fuel charges by some blacks and Hispanics that the mayor is less predisposed toward minorities than some of his predecessors.

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## Arms for Pakistan

Of course Pakistan should be sold U.S. arms. It's a longtime friend, it's in plenty of trouble on account of the Soviet occupation of Afghanistan next door, and it labors under awesome domestic strains. If that were all, no one could quibble about the administration's plan to resume arms sales and aid, which were interrupted a few years ago on account of Pakistan's clandestine nuclear program. Nor is the sum of the proposed aid outlandish: something more than half a billion dollars a year for five years.

Pakistan is still following the nuclear path. A test of what would doubtless be called a peaceful nuclear device — the euphemism India used for its explosion in 1974 — could come soon. But the administration argues that the general feeling of security that renewed U.S. warmth and weaponry bestow on Pakistan is more likely than any specific sanction to dull Pakistan's nuclear appetite.

The new proposition is dubious but, plainly, the old policy didn't work. The Pakistanis insist they have only a peaceful program. They also insist they have given the United States no undertakings about a nuclear explosion. The foreign minister adds: "But we understand and we have taken note of [U.S.] concern. So if we decide to carry out an explosion then we would be prepared to forgo

this [arms and aid] program." (Would Mr. Reagan cut it off?)

If there is reason to pick up a military and aid relationship, however, there is reason to shape that relationship in a particular way. The administration's policy ignores a couple of basic considerations. First, it should keep a visible political distance from President Zia, who has imposed the sort of surface tranquility that has been the lull before the storm for many a Third World military strongman before him. His position, not legitimized by law or popular consent, is too unpredictable.

Second, the types of arms furnished should indicate clearly which Pakistani purpose the United States supports — not competition with India but defense of its Afghan border against Soviet incursions. That should mean no F-16s, a superhot attack plane; regrettably, the administration intends to sell Pakistan 40 of them.

Nor should the administration, in its ardor for Gen. Zia and its virtually open disdain for India, put too much stock in the winks of strategic cooperation it evidently is getting from Islamabad — winks denied by Pakistani realities. It invites trouble to count on making Pakistan a major strategic partner. It is enough to help a friend.

THE WASHINGTON POST.

## Everybody's Man at UN

It has been shrewdly remarked of Kurt Waldheim that he usually avoids the charge of doing too little and is almost never accused of doing too much. In his two terms as secretary-general of the United Nations, his outstanding success has been optical. He imparts a blur. He presides without leading, rarely giving his multitude of masters cause for genuine offense. And so they may well reward him next month with another, and unprecedented, five-year term. Austrian graysnake endures.

Surely, it will be said, the world deserves better. The ideal secretary-general should be both disinterested and hard-driving, like Dag Hammarskjöld, who died in a tragic plane crash 20 years ago. But his glory was posthumous. While alive, his activism deeply disturbed some nations, notably the Soviet Union and France, and he was only conditionally trusted by the United States. His monument, paradoxically, is a weakened secretary general.

The world gets the UN it wants. All its fissures are replicated in the Security Council and General Assembly. And the secretary-

general has to be everybody's man, a sure prescription for wooliness. But that hardly means there can be no improvement on — or in — Mr. Waldheim. Uniquely, the secretary-general has the chance to speak for mankind at a boiling moment, as U Thant did in the 1962 Cuban missile crisis. If the UN cannot resolve every violent conflict, it can buy time for diplomacy.

Conceivably, Mr. Waldheim might more effectively use his limited powers once freed from his re-election campaign. Possibly he will surprise his detractors by looking more like a Hammarskjöld when superpowers — or any other nations — trespass on the UN Charter. His record does not argue for automatic election or rejection and the claims of other candidates should certainly be examined. But if, as seems likely, Mr. Waldheim is chosen again without much of a fight, it will be precisely because he is valued for his self-effacement, because the nations want no supranational authority, even in this one truly worldly office.

THE NEW YORK TIMES.

## Trouble Is Stalking Reagan

An atmosphere of disarray and uncertainty is gathering around the administration and its budget revisions. This is peculiar, for nothing has happened that wasn't more or less expected. The White House has known for months that it would have to make further budget cuts. It has known that it would have to specify them in detail in September, because Congress has to pass its budget resolution. Why the sudden chaotic internal struggles over what to do?

It is clearly wrong to say that nobody in the administration was thinking ahead. A lot of people had worked out detailed plans to meet precisely these requirements for further spending reductions. But apparently the plans were left in desk drawers. In the administration's great drive to push its budget and tax bills through Congress, it chose to postpone, not to say suppress, any serious consideration of what would have to come next. The result is that while a lot of people have ideas to offer, none of those ideas has a wide base of acceptance within the administration, let alone in Congress. The president's numbers man, David Stockman, was ready with a clear and precise strategy for the next round of reductions. But it required a retreat on defense that the president rejected, and cuts of everything else at which the Senate Republicans are balking.

President Reagan is getting himself into an ugly position. He is now going to ask Congress for another \$16 billion in spending cuts for 1982, to hold the budget deficit to his target of \$42.5 billion. But everybody knows that \$16 billion won't be enough. Mr. Reagan now risks being caught every few months in a renewed squeeze that forces him

to acknowledge miscalculation, revise his figures and go back to Congress for still another round of cuts. To most people this will look like poor planning and inadequate control. As Mr. Reagan knows from the unhappy experience of his predecessor, it doesn't take much of that sort of thing to erode a president's position.

What Mr. Reagan needs to provide, and quickly, is some indication of a plausible outcome of his economic program and the contradictions that his tax bill has created. It has resulted in extremely high interest rates. Does the president consider it tolerable to let them persist through the winter? If not, what does he suggest? As further budget cuts become necessary, in 1982 and beyond, what principles will guide them? Mr. Reagan is already knocking chips off the basic social programs that, earlier in the year, he declared untouchable.

The Republican senators have been working out the arithmetic for themselves, and they are now warning Mr. Reagan, and each other, that the fall-off in tax revenues over the years ahead, together with the defense projections, has implications that most of them will not accept. If Mr. Reagan is to keep his congressional majorities with him, he has got to demonstrate that there is a way to get through the next three years without abandoning the federal responsibilities that bipartisan majorities in both houses support. If he is to keep the country with him, he has to find a way to show that his administration is not run by fiscal ideologues who were interested in only one thing, a huge tax cut, and never thought beyond it.

THE WASHINGTON POST.

## International Opinion

### Indecision in Moscow

The standard Soviet polemics against President Reagan's foreign policy cannot conceal the deep uncertainty now prevailing in Moscow.

Irritation over the state of relations between the two superpowers has generated a spate of articles and analyses which reveal clear divergences of view behind the propaganda facade.

These divergences reflect conflicts of inter-

est and perhaps even disputes among the Soviet leadership, which is evidently having difficulty in appraising the new Washington line and deciding how to react to it.

Nothing, for example, has shaken Moscow more than the U.S. tactic of simultaneously rearming and offering to negotiate — a tactic Moscow has often adopted in the past and would clearly like to regard as its private prerogative.

— From the *Neue Zürcher Zeitung* (Zurich).

## In the International Edition

### Seventy-Five Years Ago

September 22, 1906

WASHINGTON — Increased military activity coincides with pessimistic press dispatches on Mr. Taft's mission to Cuba. Army officers think that Mr. Taft's chances of success are only one in three. Extensive purchases of army supplies are being made. This is significant, because such expenditures are certain to cause a deficit at the end of the year, and the congressional policy forbids a deficiency unless for a good reason. Newport News will be the point of concentration for the troops, if needed. The necessary force will be 5,000-10,000 men. Mr. Roosevelt thinks the best policy is to act as the circumstances dictate in Cuba, without fear of political results at home.

### Fifty Years Ago

September 22, 1931

LONDON — Parliament tonight passed a bill that for the first time confirms Great Britain's abandonment of the gold standard and its decision to allow the pound sterling to find its own level in the world money market. Meanwhile, after the first shock of surprise, the British press and public appear to have accepted the move, not only resignedly, but even enthusiastically. There is a general impression that the Treasury will be able to provide sufficient foreign currencies to meet Britain's gold obligations and that for the rest the devaluation of currency by anything up to 20 percent will help solve many of the problems.



## Reagan as Prime Minister?

By David S. Broder

WASHINGTON — In the column-writing business, you learn quickly to cherish — and never to ignore — coincidences.

One morning last week, a visiting British member of Parliament remarked that Ronald Reagan struck him, not as the "king of Capitol Hill," perhaps, but at least as prime minister. Barely three hours later, Rep. Tony Coelho, a Democrat from California, told his colleagues in the House Democratic caucus that the main reason for their misery in the first eight months of the year was that "the Republicans basically have moved to a parliamentary system, with all the discipline that involves."

If both a visiting parliamentarian and a leader of the opposition (Rep. Coelho is chairman of the Democratic Congressional Campaign Committee) can see Mr. Reagan in prime ministerial guise, then it might behoove even the dullest columnist to examine the proposition.

I have done so, and my conclusion is that thinking of Mr. Reagan's government in parliamentary terms does give you some interesting insights — but it is basically a mischievous notion.

The distinction between a presidential and a prime ministerial system of leadership is simple. (I speak with authority, having just looked again at a very useful book called "Presidents and Prime Ministers," which Richard Rose and Ezra N. Suleiman edited and the American Enterprise Institute published last year.)

The prime minister is first among equals in a Cabinet system, sharing collective responsibility with Cabinet colleagues for the formulation of national policy. Cabinet policy becomes government policy through the ratification device of a disciplined party majority in the parliament; if discipline fails, the government falls, and everyone faces the voters. It is that simple.

The president, on the other hand, has sole responsibility for the formulation of executive branch policy. But his ability to make his policy government policy depends entirely on his political skills in persuading the independent legislators and the often recalcitrant interest-group bureaucratic alliances to go along with his plans.

In those stark and oversimpli-

fied terms, it is easy to see why both the British MP and Rep. Coelho might independently remark on the "prime ministerial quality" of Mr. Reagan's presidency. Clearly, he is sharing the responsibility for basic policy formulation with this Cabinet. He said he would have "Cabinet government," and he is doing so. He is guided by his ministers — by Stockman and Meese, by Baker and Regan, by Haig, Weinberger and Watt.

### Forged New Bonds

That was the point the visitor from Westminster noted. What Rep. Coelho focused on was the extraordinary degree of discipline that congressional Republicans have accepted — or imposed on themselves.

Much has been written about "defecting Democrats" giving Mr. Reagan his budget and tax victories in the House. The fact of the matter is that Democrats had a higher degree of unity on the tax and budget bills this year than in most recent years. What linked them was the extraordinary fact that on the three key roll-calls, Mr. Reagan lost a grand total of three Republican votes.

Broader voting statistics Rep. Coelho collected from Congressional Quarterly and displayed to the caucus bear out the point. Through the August recess, House Democrats had a party unity score on all the roll-calls on which the Democratic and Republican majorities diverged) of 69 percent. That was as high a score as they have had in the last 15 years. It was 1 point below the unity score for Lyndon Johnson's "miracle Congress" of 1965; it was 7 points higher than the score they had in 1974, facing crippled Richard Nixon and unrelenting Jerry Ford.

But the House Republican party-unity score this year was an extraordinary 79 percent, higher than in any year in the 1960s or 1970s and 10 points higher than the GOP average for those two decades.

So both Rep. Coelho and the British MP are right — in one way. But they are also fundamentally wrong, because the Reagan-Republican, prime ministerial parliamentary system is purely a political artifact, with nothing to sustain it in the written or unwritten constitution of this land, as there is in Great Britain.

It exists only because Reagan

has forged what are for now powerful personal and political bonds to his Cabinet and his party in Congress. He has led them by force of personality and by maintaining his hold on public opinion. But those bonds can be sustained only if his economic program surmounts the current wave of skepticism and his leadership continues to be proved in the budget and foreign policy tests that he immediately only.

He is only as secure governmentally as he is strong politically.

What Richard Rose wrote remains true: "In the Cabinet system, a prime minister's problem is how to give direction to a government that is already there, that is, organized and capable of collective action. In the United States, by contrast, there is no collective authority ready at hand for the president's use. A president is required to create government."

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## World Fiscal Outlook Tinged With Gloom

By Hobart Rowen

WASHINGTON — In a few days, the world's finance ministers and central bankers will be converging on Washington for the annual meeting of the World Bank and International Monetary Fund. Unless there is some divine intervention, they won't find much to cheer about.

As long-time international economic expert Gottfried Haberler says in a new American Enterprise Institute publication, "All recent economic reports by national and international agencies are tinged with pessimism and gloom, predicting more inflation, near-zero productivity growth, stagnating or declining GNP, and high unemployment."

According to the Organization for Economic Cooperation and Development's mid-year report, the jobless total in the industrial world is now about 24 million, or 7 percent of the labor force, and will rise to 26 million, or 7.5 percent, toward the end of 1982. In Europe, the OECD said the rate could touch 9 percent, with youth unemployment in some countries going over 20 percent.

So much for the good news.

### Bad News

The bad news is that the expected revival of the U.S. economy that White House officials earlier this year had predicted would brighten world economic prospects is now called into question.

The promise of a painless transition into a world responding to the tonic of supply-side medicine seems increasingly dubious.

Instead, the prospect is that high interest rates will continue to prevail in North America and Europe — a condition bitterly protested by the Europeans at the Ottawa summit last July because it frustrates their ability to stimulate lagging economies.

The consensus among international experts is that the current economic malaise in the rich, industrial world will last at least until the end of this year, for two basic reasons: First, the depressing effect of the 1979-80 oil price increase has not yet worked its way through the world's economic structure. And second, there is that distressing level of high interest rates.

The Morgan Guaranty Trust Co. observes that because international oil sales are priced in dollars, European countries have had to pay 35 to 50 percent more for petroleum, in their own currencies, just since October, 1980. This direct impact of the appreciating dollar is compounded by high interest rates — has depressed real incomes in Europe where it has earned it the description of "the third oil shock."

"Although dollar oil prices have softened in recent months and no oil commodity prices have sagged, their prices in European currencies terms have risen 35 to 50 percent, and 7 to 16 percent, respectively, since October, 1980," Morgan Guaranty said.

There is yet another, if more subtle, divisive aspect of U.S. monetary policy, and that is the arrogance with which most Europeans feel it was formulated and carried out. Undersecretary of Treasury Beryl Sprinkel, the reigning Reagan administration guru in this field, ruled out all market intervention to smooth erratic fluctuations in exchange rates, reflecting "the market-knows-best philosophy."

But as former West German Central Bank President Oskar Emminger pointed out recently in a Ditchley Foundation conference in England, "This is a little difficult to swallow in view of the foreign exchange market's notorious propensity to over-react."

Mr. Haberler called attention to the fact that the current economic problems for major industrialized nations like West Germany are even more complicated than those in the United States. "After 30 years of almost uninterrupted current account surpluses," Mr. Haberler wrote, "large current account deficits developed [in West Germany] in the last three years, and the Deutsche mark weakened in the foreign exchange market. This development, combined with rising unemployment, and by West German standards, excessive inflation — about 5.5 percent annually — has been very unsettling."

Mr. Haberler didn't mention it, but the only industrial nation doing well is West Germany's and (the U.S.)'s tough competitor Japan. As the OECD said in its Aug. 5 survey of Japan, that nation's economic performance has surpassed those of the rest of the OECD countries ever since the first oil shock, helped by "the dynamism of the private sector" and the special nature of the Japanese labor-management system that encourages cooperation instead of confrontation.

Japan can look forward to a 4 percent real GNP growth next year.

For the entire group of the rich industrial nations — on whose prosperity the less-prosperous nations depend heavily — the IMF sees real growth of only 1.2 percent at best, or only half of the gains registered in the 1976-79 period. Morgan Guaranty's members are only slightly more optimistic: 1.3 percent real growth this year, above unchanged from 1980, with the possibility of an increase to 2.8 percent in 1982.

Either way, the picture is bleak. The IMF's pessimistic projections, and that complicates life for the poor nations that must export to the richer ones in order to survive, let alone boost their living standards.

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## A Sense of Belonging

By Flora Lewis

NEW YORK — Daniel Yankelovich, the sociologist and pollster, has had yet another look at the way Americans feel about themselves and concludes we are groping for a new set of attitudes.

His view is summarized in the title of his latest book, "New Rules: Searching for Self-Fulfillment in a World Turned Upside Down." The economic pinch resulting from policies during a generation of increasingly unsatisfying and irritable affluence has made values topsy-turvy again, Mr. Yankelovich holds.

People are demanding more "self-fulfillment," and whatever they mean by it, his studies show they mean rejecting constraints of the old codes of sacrifice and hard work today for a better tomorrow. But they can't afford this, and when they can't afford content, still searching for more than a self-indulgent way of finding fulfillment.

Mr. Yankelovich is optimistic, basing his hopes on examples of people who have turned to look outward again after too much staring at their psychic navels and who feel better for their new "ethic of commitment."

It seems to me that Lewis Thomason, the philosophical microbiologist, is moving toward the same point from a totally different approach. Mr. Thomason's observations of the most minute forms of life, presumably devoid of complex, have led him to conclude that the secret of successful survival is symbiosis — individual organisms accepting that they have to get along with other types around them.

Mr. Yankelovich's research brings him to challenge the crudely stated "Protestant work ethic," not in its own terms of motivating people to improve their lives, but as a system no longer able to reconcile the needs of both the individual and society. Personal goals and social goals tend to clash in the advanced industrial era.

Mr. Thomason studies bring him to challenge distorted Darwinism. "Survival of the fittest" doesn't apply to all men that "nature is red in tooth and claw" as the 19th century theologians of evolutionizing their theologies would have it. Mr. Thomason finds the "fittest" who survive are those who cooperate best with other living things.

A Revised Look  
What the two men have in common is a revised look at the individual, a sense that while it certainly exists, its very being is shaped by belonging to a community. Other writers, in other ways and in other countries, have been saying something similar. That should be a signal of some deep shifts coming in our patterns of thought.

It is a search for synthesis of the older belief that the group comes first and everyone must accept his ordained place, and the belief that eventually grew from the failures of 14th-century Europe, giving the individual the right and duty to find his or her own place.

We can't happily go back, as fundamentalists from Iran to the Bible Belt would have us do. But they are expressing a felt need, a need for an integrating sense of purpose that will find a new harmony for the individual in society.

All the talk about the changed American mood reflected in the election of President Reagan focused on economics and defense. People were looking for a leader who wouldn't let us "be pushed around any more" by whatever they felt was pushing.

One wonders if underneath there wasn't instead some intuition of the loss of harmony between personal and social needs, an unformed demand for a renewed larger purpose so the two could be integrated.

Crisis often imposes such a purpose, though at a terrible cost. Is

the two-sided stance we see making about an unwinding way to simplify the problem of finding a clear national goal in a muddled world?

Certainly, the world isn't behaving helpfully. The nasty headlines remind us every day of what a mess there is out there, and implicity of how powerless we are to put anything in order. What can we do about Iran, Afghanistan, South Africa, Cambodia, Libya, Central America, torture and the millions of starving people? If we can do something, what should it be, first?

The temptation is strong to throw up our fists and say "dump it or shut up, we'll look after ourselves." It's the old Boer "fight mentality," the wild West "win or die" attitude. But it isn't exhilarating because it doesn't even provide a compelling, if limited, purpose any longer.

It May Work  
Deep down, we know it won't work in the world that has emerged.

It may work in our lifetimes, for our children. But we aren't only individuals; we need sustenance from the sense of a future that will outlast us and give meaning to what we are and do.

Liberals are floundering because their purpose of "the good society" with its focus on government need money, didn't bring the community together, and the attempt to arm the world brought a lot of trouble and resentment. They haven't found a new idea.

The answer isn't at hand. The 20th century is ending in a time of enormous change and it will surely bring changed ideas. But there are already many signs that the key is the new relationship of the out and the many to the family, the town or city, the nation and the world at large. Recognizing the problem is the first step.

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## Letters

### Sermons?

The editorial page (HT, Sept. 16) contains a whiff of disingenuousness.

John Newhouse berates President Reagan's "uncomplicated hard line" on the Soviet Union. How would he describe Soviet policy in Afghanistan and elsewhere? Sophisticated, subtle or complex? What evidence does he put forward to persuade us that a complicated soft line would be more appropriate?

Towards the end of his presidency, Mr. Carter had to admit that his convoluted policies towards the Kremlin were wrong.

One wonders how many more countries the Soviet Union will have to invade before Mr. New-

house reaches the conclusion of his former chief.

Flora Lewis purports to chastise those who criticize her tedious and repetitive views on the Israel-Arab conflict. As usual, she concludes, by intoning "that sooner or later Israel's survival can only be sustained by coming to terms with the Palestinian Arabs and neighboring Arab states." She ignores however the central point of her critics, namely, that the Palestinians and their allies are those who absolutely refuse to come to terms with the Jewish state.

So long as this state of affairs continues, there is no point in addressing her sermons to Jerusalem.

LIONEL BLOCH.

London.

### Celestial Dialing

In the item in the "People" column (HT, Sept. 11) you are telling less than half the joke.

When President Reagan said the third phone on his desk is a direct line to God, but that he is using it sparingly because long distance calls are expensive, Menachem Begin replied that he also had a direct phone to God, but it is only a local call.

LEONARD LEIGH.

Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit them.

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# U.S. Agency Gets New Identity

## Confusion With CIA Became Too Close for Comfort

**WASHINGTON** — To the pleasure of many far-flung government employees who dislike being confused with spies, the administration soon will do away with signs and plaques advertising the U.S. International Communications Agency, or ICA.

President Reagan has ordered the agency's twin designations of 25 years restored — the headquarters in Washington as the U.S. Information Agency and in offices overseas as the U.S. Information Service. President Jimmy Carter had changed them to the ICA.

Marilyn Dexheimer, an ICA congressional liaison officer, said the change will cost \$50,000 for replacement signs. Old letterheads and other paper products with the old name will be used up and then replaced.

"The name just never got off the ground," she said. "We've had calls from Congress, with people thinking we were part of the FCC or the ICC. People thought we were with the Postal Service, IT and T and, in a lot of countries, the CIA," she said. "It presented an obvious problem," she said. "We are not in the intelligence business. This is not helpful to our people overseas who try to develop contacts."

# New Food Shortages in Cambodia Cause UN Aides to Reassess Planned Relief Cuts

**By William Branigin**  
*Washington Post Service*

**NONG CHAN CAMP**, Thailand — Serious food shortages in Cambodia are driving inhabitants into this hazardous border region in growing numbers and increasing the pressure on the Phnom Penh government and its neighbors.

The shortages, attributable largely to an erratic monsoon that ruined crops with drought and flooding, have dashed the hopes expressed by some UN relief officials only a couple of months ago that Cambodia would be self-sufficient in food production by year's end.

Now, the probability of even more serious food deficits next year is forcing reconsideration of earlier UN plans to terminate the emergency relief program for Cambodia at the end of the year, aid officials say.

Also contributing to the burgeoning border population here have been dissatisfaction among Cambodians with the Vietnamese-

installed government in Phnom Penh and a Thai voluntary "relocation" program in which Cambodian refugees in camps inside Thailand are being bused to border camps in the hope they will make their way home.

**Growing 2,000 a Week**

In the northwestern sector of the border, where settlements such as this one, which is controlled by the anti-Communist resistance group called the Khmer People's National Liberation Front, the refugee population has increased at the rate of 2,000 a week since the beginning of July and now stands at about 140,000, according to aid officials.

In addition, more than 60,000 other Cambodians live along the northern part of the border and in the sector south of the Thai town of Aranyaprathet, officials said. The populations of these areas have not grown as much, since the settlements there are controlled mostly by the feared Khmer Rouge. The Communist Khmer

# As Performing Arts Boom, It's Hard to Decipher Composers' 'Noise'

**By Donal Henahan**  
*New York Times Service*

**NEW YORK** — One optimistic way to look at the state of creative music today is to stress the apparent eagerness of many young musicians to rebuild what appears to be a destroyed city. In the aftermath of an earthquake, they are learning to make bricks out of clay, hammers out of sticks and rocks, and saws out of dinosaur's teeth. They are finding it necessary to go back to the beginning and think through the reasons for music's existence and to reinvent a craft, if not an art. There certainly is hope in this, for regeneration in the arts sometimes can come with startling swiftness. But how did we arrive at this strange pass?

Young musicians — let us avoid for the moment the old term "composers" — have been driven into this corner by a variety of frustrations and destructive forces including the tyrannies of popular taste on one hand and mandarin sensitivity on the other.

In 1913, when an unlikely Joshua named Luigi Russolo published his Futurist manifesto, "The Art of Noise," the old walls between sound and music began to shake. Before long, categorical walls were crumbling right and left. Staid old disciplines perked up and began to mix and mingle. Poetry winked seductively at prose. Sculpture and painting renewed their ancient affair. Classical dance favored openly with modern dance, modern decor and modern music. The theater found a playmate in politics.

**Almost Unnoticed Fact**

Today, the collapse of categories is an almost unnoticed fact of artistic life. I am not in the least surprised to pick up a book published by Schirmer, "Scores: An Anthology of New Music," and find that a third or more of the pieces printed therein could have been written by a person without a day's musical training. Some consist of a few paragraphs of prose instructions, others are exercises in graphic art, or pop Zen, or mere bourgeois zapping. No musical talent would be required to com-

pose these pieces, and no musical ability would be required to perform them. Or, perhaps it would be more circumspect to say that current rules, it makes no difference whether this creation should be considered as music or as visual art. In fact, as with many such conceptual efforts, the proper category would seem to be parlor trick.

In recent months I have seen performances by provincial American companies that outshone what the Metropolitan Opera puts onstage four out of five nights. I am thinking of the St. Louis Opera's "Fennimore and Gerda" and San Francisco's "Daphne," among others.

And yet, even the performing musician is feeling pressure, and not only from the possible loss of subsidies owing to the federal government's present mood. Taking a long view, it seems apparent that technology in the form of recordings and television could soon make the live performer a rare bird. We have more genius on our shelves — Bach, Mozart, Beethoven, Schubert — than anyone could fully absorb in a lifetime.

On one hand we see a healthy decentralization in music as first-rate performing companies and music schools crop up all across the nation; on the other, however, we can expect a centralizing trend and a possible shrinkage of outland activity as music becomes increasingly the monopoly of two or three television-production centers. With cable television, of course, music might in theory originate anywhere, but the odds are that the best artists will gravitate to a few major centers, as always. If history can give us any clues, the next rash of composing talent is likely to come out of the lyric theater. With all that is now going on in our opera houses, it could be that while we sit around waiting for the new Beethoven, a young Verdi might be struggling to light under our very ears.

So here we are, moored in the shallows, waiting for the tides to change. We have been waiting for a long time and there may still be a long wait ahead. But the next tide will come. It must, because it always has. Meanwhile, a round of grapes all around might help pass the time.



First mosque built in Spain since Moors were evicted has been opened in Marbella.

# Arabs Moving Into Spain's Marbella Area

**By Hebe Dorsey**  
*International Herald Tribune*

**MARBELLA**, Spain — The Arabs have moved in here. Surrounded by palm trees, jasmine and bougainvilleas, Crown Prince Fahd of Saudi Arabia holds court at a glistering white marble palace overlooking the Mediterranean on one side, the Sierra Blanca on the other. That is where he comes on brief, but frequent holidays and that is where he received Secretary of State Alexander M. Haig Jr. on a recent weekend.

The first mosque to be built in Spain since the eviction of the Moors almost five centuries ago was completed two months ago. It is of glistering white marble, its crenellated walls and green minaret towering proudly in the clear Andalusian air. A fountain gushes out of a patio centered with colorful tiles.

Not far from Prince Fahd, his brother Prince Salman, the governor of Riyadh, has a house. Their cousin, Prince Mansour, is nearby. Other big-spending Saudis, Iranians and Lebanese have moved in, pushing the real estate market up. Most of them live in a secluded area of the Lomas del Marbella Club — a hilly real estate development. The mosque is just on the left as you enter.

While Europeans also inhabit the Lomas, the Saudis, who started moving in eight years ago, have bought a sizable chunk of the development. Entrances to Prince Fahd's palace have barriers and are guarded by his own security personnel. Helicopters, landing in front of the palace, move people back and forth to the prince's yacht, which once belonged to the Greek tycoon Stavros Niarchos.

**Immediate Neighborhood**

In the immediate neighborhood, the Saudi royal family controls about a dozen mansions, plus staff quarters (Prince Fahd is said to employ around 100 people). They have built or are building multimillion-dollar houses. "The one-million, two-million-dollar house is for Westerners," said an Italian real-estate developer who is starting a new housing project of 54-million-and-up mansions. "Over that, only the Arabs can pay." One of them, a businessman from Damascus, is about to have his own Alhambra-inspired palace, complete with four patios, including one for the staff, teler room, safe room, Turkish café and rose-bordered walks overlooking the sea. The gardens were copied from Iranian ones commissioned by former Empress Farah.

The California-educated Saudi

entrepreneur Adnan Khashoggi bought the huge wooded estate of French tycoon Henri Roussel. In Puerto Banus harbor Khashoggi keeps his boat, the Nabila (named after his 20-year-old daughter), a 115-meter monster has been converted to a Siberian icebreaker. The Nabila stretches along its own private dock, whose banks are planted with peninsulas and miniature palm trees. A golden railing and red carpet lead into the boat, whose bathrooms are said to be of malachite and lapis lazuli, with faucets of gold — as are the 10-inch-high letters spelling the name on the boat on either side. There is also a room equipped for surgery, a projection room, four dining rooms and a discotheque. A helicopter sits on its deck and a fleet of cars, including two Rolls-Royces and three Mercedes, await on dock. It is said to cost \$300,000 a day to move the vessel around.

A few years ago, the Al-Midani Saudi group bought 75 percent of the Marbella Club Hotel and built Puento Romano, a real-estate complex with 240 luxury apartments and a \$1-million Regine's nightclub. If they want Regine's, they want Regine's. They did so recently for \$8 guests — at \$200,000 the night.

But the center of the social stage is still strongly Western and an international blend dominated by

# Lifestyles

the U.S.-born heiress to the Avon fortune, Baroness Hubert van Panitz; Prince Alfonso of Hohenlohe, who built the Marbella Club Hotel, touring the Costa del Sol on the tourist map; Luis Miguel Dominguez, the former billionaire Spanish socialist; Anna Poggi, Italian millionaire Bastiano Berghese, and French recording tycoon Jean Bonfontin. Baron Guy de Rothschild also has a house here but recently his wife, Marie-Hélène, has preferred Marrakesh.

The Arabs do not socialize outside their own tightly knit group. They are not exactly short on entertainment and have been known to fly in Moroccan orchestras, flamenco groups and even Russian ballets. After Haig's visit, the Prince Fahd had an all-night fiesta and fireworks in his floodlit. At 6 p.m., helicopters were shuttling between boat and palace, unloading women in colorful evening dresses.

The minute they stepped out of the helicopter they were ushered into Rolls-Royces that drove them to the palace.

There is a rumor that the Arabs are planning to finance an airport in Marbella (the closest one now is 50 miles away in Málaga). As one observer said, "If anything, they'll have to. The Málaga airport is so crowded these days with private Arab planes, including several 727s, that they are having a garage problem."

# Biographer Claims Johnson Accepted Lobbyists' Bribes

**By Robert D. McFadden**  
*New York Times Service*

**NEW YORK** — In a forthcoming biography of Lyndon B. Johnson that is excerpted in the current issue of *The Atlantic Monthly*, Robert A. Caro, the Pulitzer Prize-winning author, asserts, without immediate documentation, that the former president accepted large amounts of cash from lobbyists as a senator and vice president.

Mr. Caro won the Pulitzer Prize in 1975 for his biography of Robert Moses.

The first of three volumes of Mr. Caro's biography, "The Years of Lyndon Johnson," is to be published next year by Alfred A. Knopf. The first of a five-part series of excerpts from that volume and an introduction were published this week in *The Atlantic*.

# Paris Team Sent To Probe Killing In New Caledonia

**PARIS** — The French government on Monday sent a police squad to investigate the murder of Pierre Declercq, the leader of a New Caledonia independence movement.

The investigation was ordered by Henri Emmanuelli, minister in charge of overseas territories, after the killing Saturday in Noumea, the capital of the French South Pacific territory.

Mr. Declercq was a member of the territorial assembly and leader of a small group advocating independence for the island, which has valuable nickel deposits and other mineral resources. The French government has expressed "indignation and concern" over the killing.

Police authorities have no explanation for the murder of which has increased tension in the territory, but diplomatic sources believe that it was a political assassination by pro- or anti-independence extremists.

Mr. Declercq was one of the few European leaders of the independence movement which is made up mainly of indigenous Melanesians. He advocated a multiracial society.

# James S. Kemper, Head of Insurance Firm, Dead at 94

**CHICAGO** — James S. Kemper, 94, a former office boy who built one of the nation's largest diversified insurance and financial firms, died Thursday.

Mr. Kemper, a former U.S. ambassador to Brazil (1953-55), died in his home. He had been in declining health in recent months.

He retired as chairman and chief executive officer of the Kemper Group in 1966, but remained active in the organization and his other business, political, philanthropic and educational interests.

# Colby Faces Suit, Newsweek Says

**NEW YORK** — Newsweek magazine says the Justice Department is planning to sue William E. Colby, the former director of central intelligence, for publishing his 1978 memoir, "Honorably Men," without clearing all editions with the government.

Newsweek said Sunday that the breach of security occurred when galleys proofs of the Colby book reached a French publisher before the CIA could demand the deletion of passages dealing with a CIA attempt to recover nuclear missiles aboard a sunken Soviet submarine.

Newsweek said the Reagan administration intended to use the case to show that it would not tolerate security leaks or breaches of government contracts by employees. It said the case probably would be settled by consent agreement.

# Felis Doubrovskia

**NEW YORK (AP)** — Russian-born ballerina Felis Doubrovskia, 85, a favorite of Dwight D. Eisenhower who became an accomplished ballet teacher in the United States, died Friday of an apparent heart attack.

# Sara Haden

**HOLLYWOOD (UPI)** — Sara Haden, 82, a specialist in crotchety roles in 70 films, died last Tuesday. She played Mickey Rooney's spinster Aunt Molly in all but two of the Andy Hardy pictures.

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# On the Arts Agenda

**PARIS** — Among the principal features of the 10th Festival d'Automne, which runs to Dec. 17, are a survey of the music of Pierre Boulez from 1946 to the present, with 10 different programs; 24 concert evenings of his works in juxtaposition with those of other composers, and including the French premiere of a new work, "Rapport," commissioned by the Southwest German Radio as an ensemble of programs devoted to the distinguished theater and music of southern Italy; the staging by French and foreign directors of a wide range of plays of Samuel Beckett, starting the playwright's 75th birthday; performances by five young U.S. dance companies at the Parquetti Center; a film program that includes the "young cinema" of several countries; films by directors better known mainly for their work in theater, and new seen works by Rossini and Visconti; and "Presence de l'Ybétan," an exhibition of "post-modern" architecture presented in Italian with the Venice Biennale.

**STUTTGART** — Philip Glass' opera "Satyagraha," with a libretto by Sanskrit based on the activities of Mahatma Gandhi as a young lawyer in South Africa, will be given in West German premiere Oct. 3 by the Württemberg State Theater. Dennis Russell Davies will conduct the work, and Adèle Froyer will design it, with set design by the sets and costumes, Leo Goebel, Wolf Harster and Helmut Danziger will share the role of Gandhi. The work had its world premiere last season in the Netherlands and it has also been produced in the United States, but the Stuttgart production is the first without the direct participation of the composer. Later performances will be Oct. 5, 13 and 18.

**ALBANY** — Barry Goodman, Clifford Curzon, George Mikolaj, Pierre Fournier, Peter Schrier, Ely Aronson, the Cleveland String Quartet and the Amadeus Quartet are among the participants in the Beason and Hedges Music Festival from Sept. 28 to Oct. 4 at Empire Music, in Saratoga. The programs are devoted to the music of Bach and Brahms, with Goodman as soloist in Brahms' Clarinet Sonata in F minor, Clarinet Quintet in B minor, and Clarinet Trio in A minor, as well as the principal performer at a jazz concert on the final evening.

**NANCY** — The Grand Theatre opens its opera season Oct. 7 with a new production of Rossini's "Carmen," staged by Antoine Bonville and with sets and costumes by Jean-Claude Sottis. Jean-Claude Casadesu will conduct a cast headed by Nadine Denize in the title role and Jon Winickoff, Mark Emery and Maria Fozzo Gallamini in other principal parts. Other performances are scheduled for Oct. 9, 11 and 13.

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A SPECIAL SUPPLEMENT

# JAPAN



Photos by Alan McFarlane



## Government Wrestles With The Economy

By Gregory Clark

HIGH U.S. interest rates threaten the long-awaited recovery in the Japanese domestic economy. Japan can no longer rely on manipulating its monetary policies to boost the economy, and fiscal policy freedom has been sacrificed for government spending restraint.

To outsiders, Japan's economic condition—2-percent unemployment, 5-percent real growth rate, booming exports, heavy-equipment investment, 5-percent inflation—hardly seems to be in trouble. But for the Japanese the problems are real. Consumer spending is sluggish and housing starts have fallen. Profits for the many small and medium-size industries are being squeezed. Commodity markets remain depressed and inventories high.

In particular, there is concern over severe cutbacks planned in government spending. Japan's recovery from the slump that followed the first oil price rise was engineered almost entirely by large government spending on government works.

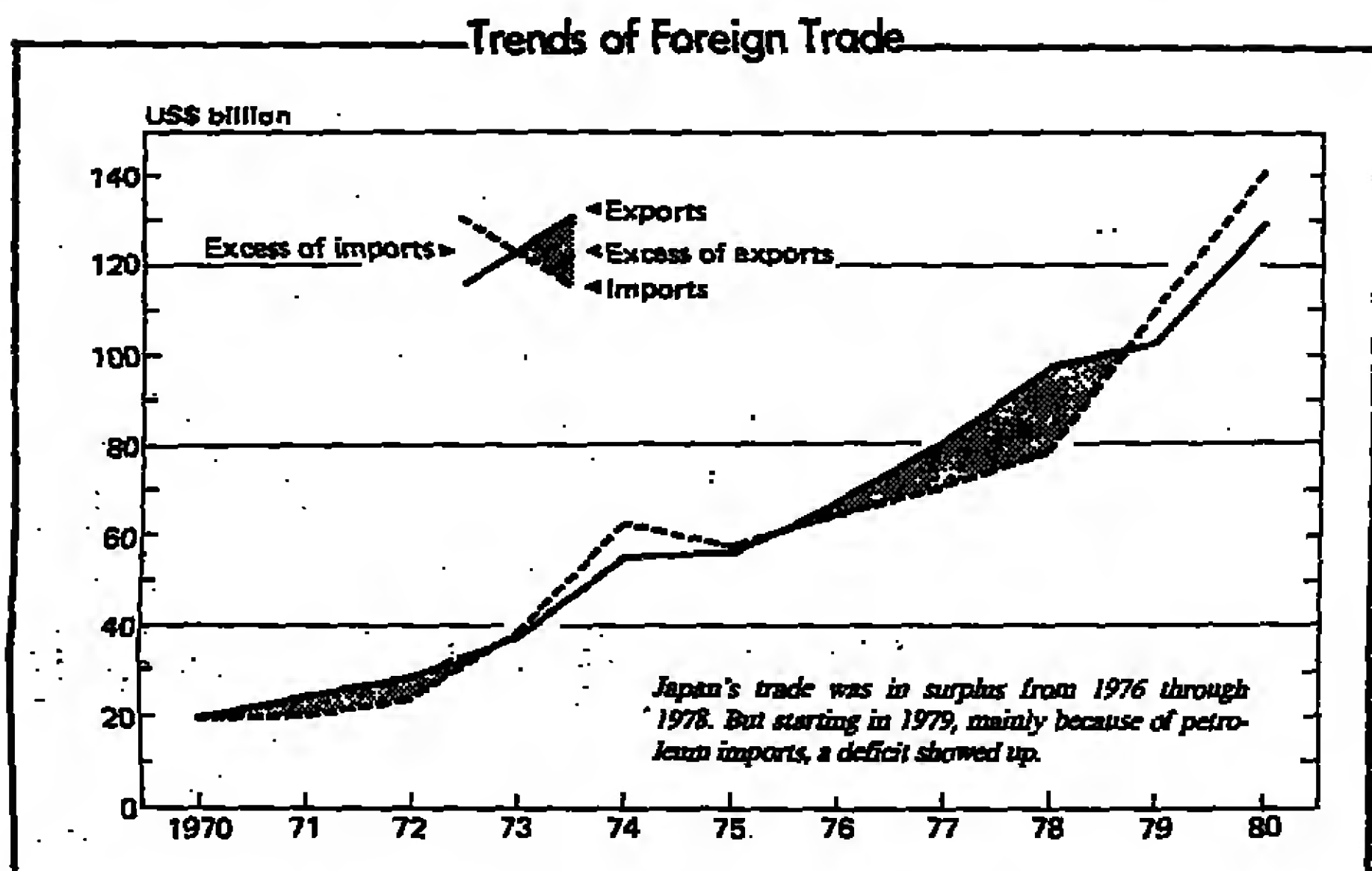
Deficit financing rose to a dangerous 40 percent, and while there has been some reduction there is also general agreement that the same card cannot be played twice. Most agree that continued deficit financing will raise the rate of inflation as it has in so many Western economies.

### No New Taxes

Every effort is being made to reduce the large and regular issue of government bonds. And since a political decision has been made not to increase taxes or to introduce new forms of taxation (the value added tax, for example) the government sees little option but to cut back heavily on spending.

Gyokaku, or administrative reform, is the current slogan. Premier Zenko Suzuki has said that he stakes his political future on its success. Business circles have thrown their full weight behind it. An across-the-board cut of 10 percent in government subsidies is planned, together with a virtual freeze on increases in public works spending.

Far from fiscal policies providing any boost for the economy, the current concern is gyokaku deflation. Cuts in government spending and subsidies will affect the entire economy, from the farmers with rural projects to the big



construction firms that rely heavily on government contracts.

Japan is having to pay the price for its classic Keynesian recovery from the oil price increases in 1973-1974, and a lot of people are not going to like it. The alternative is to cut back on social welfare spending, and while this would have less severe deflationary effects even more people could be expected not to like it.

### Crucial Weapon

For these reasons, monetary policy has become the crucial weapon. The severe cost increases and inflation that followed the second round of oil price increases in 1978-1979 forced interest rates to rise to about 10 percent. Investment, particularly in housing, fell off. The economy moved into relative decline.

Partly because of the strong intervention of the Economic Planning Agency's director, Toshio Komoto (an ambitious and economy-minded faction leader of the ruling Liberal-Democratic Party), the government at the beginning of this year embarked on a deliberate policy of reducing interest rates to stimulate the economy. The official discount rate was brought down to 6.25 percent in March and every encouragement was given to cuts in other interest rates.

Real return on long-term government bonds was reduced to about 8 percent and further reductions were promised. Cautious but encouraging signs of economic recovery appeared—a reduction of inventory levels, a pickup in industrial production. Now, because of the economic policies of the U.S. adminis-

tration, Japan has little choice but to put all this into reverse. Interest rates are beginning to creep up. The long-term government bond rate looks as though it will return to the 8.3-percent issue level. The incipient recovery could be nipped in the bud.

The rapid weakening of the yen has put the most pressure on the government. From a high of 195 yen to the dollar in January, the yen rapidly depreciated to 245 in July as speculators moved into dollars to take advantage of high U.S. interest rates.

### Fuel Prices

For Japan, whose wholesale price index is still closely tied to the prices of imported fuel and raw materials such as oil and timber, the fall in the yen threatened another round of cost inflation just as inflation rates were coming under control again. There was little choice but to let interest rates float upward.

Another area of concern is the effect of the cheaper yen on the balance of payments. Obviously, booming exports do no harm to the economy, and as exporters who had expected to receive only 200 to 210 yen for each export dollar now find they get between 230 and 240, Japan's exports are certainly booming.

But, combined with import sluggishness as energy saving and depressed construction reduce demand for raw materials and fuel, this means that Japan is rapidly moving back to high export surpluses and another feared round of foreign criticism. The MITI has an-

(Continued on Page 8S)

## After a Season of 'Harmony'

# Suzuki: A Challenging 2d Year

By Ken Ishii

THE POLITICAL clouds that have gathered during the last few months have not yet developed into a storm, but Premier Zenko Suzuki's second year in office promises to be much tougher than the first.

The betting in political circles is that Mr. Suzuki will be able to retain the premiership until November of next year when his term as Liberal-Democratic Party president expires. But such speculation is a far cry from the support he received when he took office in July of last year.

Mr. Suzuki as premier is the product of accident and compromise. When Premier Masayoshi Ohira died of a heart attack in June, 1980, during the general election campaign, none of the LDP's major factions were prepared to fight for the succession with a candidate of their own, so they agreed to support Mr. Suzuki, a middle-ranking politician with no following of his own but known for his ability to get along with everyone.

Today, the LDP's factions still have not groomed a candidate to succeed him, which is the main reason his job is considered safe for the next 13 months or so.

### Conservative Leaders

The problem—although not for Mr. Suzuki—is that the leaders of the conservative factions have had their day. Kakuei Tanaka, who has rebuilt his faction into the largest and most powerful in the party despite the fact that he is on trial on charges of having received Lockheed bribery money, has already served as premier. So have Takeo Fukuda and Takeo Miki.

There has been speculation that both Mr. Tanaka and Mr. Fukuda may try again for the premiership. But, according to the highest political sources, any indications that the two may have given to this effect are merely ploys to hold their supporters together. Mr. Miki, these sources say, is finished. This leaves such men as Toshio Komoto, Yasuhiro Nakasone, Shintaro Abe, Kiichi Miyazawa and Ichiro Nakagawa of the "new generation," whose positions at present are too weak to be taken seriously.

This absence of competition and the LDP's comfortable majority in both houses put Mr. Suzuki in one of the strongest positions a premier has had since Shigeru Yoshida dominated the scene in the early postwar era. And it is



Premier Zenko Suzuki

share. When he assumed office, he declared "harmony" to be the key word of his administration, but in recent months his actions have generated discord, which many attribute to his lack of experience, particularly in foreign affairs.

Many have not forgotten the incident at the end of Mr. Suzuki's visit to Washington last May when he referred to U.S.-Japanese ties under the Security Treaty as an alliance. However correct the description may have been, the premier should have realized that in its Japanese translation the word carries a military connotation that the opposition was sure to use to embarrass the government. Back in Japan, he tried to recoup by stating that his views were not fully reflected in the joint communique he signed in Washington, which raised questions over the propriety of his remarks and led eventually to the resignation of Foreign Minister Masayoshi Ito.

Shortly thereafter, in the midst of the uproar over disclosures that nuclear-armed U.S. warships had been calling at Japanese ports without Japan's knowledge, Mr. Suzuki declared before Japan's National Press Club that he would "deal realistically" should Washington make such port call requests in the future. The comment, which was interpreted to mean that he might say yes if he saw fit, brought a storm of protests on grounds that it suggested a deviation from Japan's non-nuclear principles. He later retracted his words.

While leaders of the ruling LDP were willing to give Mr. Suzuki a chance in the early months, many party members are known to feel now that he lacks the qualifications for leadership. Although he has held Cabinet posts in the past, he has never held portfolios as minister of finance, foreign affairs or trade and industry, any one of which is considered necessary to gain the required experience for the premiership.

### Cabinet Changes

The premier will face another test when he reshuffles his Cabinet. He has been under pressure to do so, as premiers before him have done during their tenures to redistribute choice posts to keep the party factions in line. Mr. Suzuki himself remains noncommittal on whether and when a reshuffle will take place, but insiders say that it will most likely be after the end of the next extraordinary Diet session.

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## Ubiquitous Japanese Tourist Travels With More Aplomb

By Donald Kirk

THE JAPANESE are still dashing to all corners of the world, but with considerably more aplomb and less surprise than characterized the rush abroad when the government lifted its ban on overseas travel for pleasure only in 1964.

Travel officials have formed that general impression on the basis of both statistics and attitudes among the millions of Japanese who go abroad, usually in the experienced hands of tour guide leaders. The figures alone are distressing to tourism officials, accustomed to staring at neat graphs showing unbroken annual increases in the numbers going abroad.

For the first time since the "liberation," as travel agents refer to the 1964 decision, the number of Japanese going abroad actually declined last year from the year before. There were about 3.9 million departures, down 2.2 percent from the 1979 figure of about 4 million. The 1979 figure was up 14.6 percent from the 1978 total of about 3.3 million and more than four times as high as the 961,135 departures recorded in 1971.

"Last year was very memorable," said Kazuo Akiyama, deputy secretary-general of the Japan Association of Travel Agents, who wonders whether the number of travelers will now stabilize at that level. For all the optimistic forecasts that at least 4 million would again go abroad in 1981, by mid-year customs officials had recorded only about 1.9 million, down 0.8 percent from the first six months of 1980.

Mr. Akiyama cited two factors that he and others in the business hold partly responsible for the drop.

First, during 1980 there was what he diplomatically called "the political and social situation in South Korea." He was referring to student riots in Seoul and other major centers and to the violence in Kwangju. Japanese visitors to South Korea fell from about 649,700 in 1979 to about 468,400 in 1980. "There may be social problems and fighting in other places," he said, "but when it happens in Korea it's very serious for our business since more Japanese go there than to any other country."

Then, in 1981, an agreement between the Japan Association of Travel Agents and the Tourism Organization of the Philippines jointly condemned "any tour expressly organized for the purpose of sex or any tour where sex is an integral part of the tour program."

Japanese officials at first said that they had no authority simply to ban the faded sex tours, in which Japanese men typically pay for a package that includes everything from air fare to hotels to meals to women, but the protests by women in the Philippines during Premier Zenko Suzuki's trip there in January were too much to ignore.

"Your good intentions of projecting an image of a friendly Japan is being destroyed by the Japanese male tourists who invade Asia in organized sex tours to degrade our women shamelessly," said a letter to Mr. Suzuki drafted by representatives of 51 Philippine religious, women's and social action organizations,



Japanese government agency booklet points out bad tourist manners with an "X."

"Do the Japanese realize that such outrageous behavior jeopardizes all efforts to eradicate the still festering wounds of World War II?" The travel agents association might have ignored the message had Japan's national newspapers not jumped into the controversy with articles purporting to "expose" sex tours to



virtually every non-Communist country in Asia. The story provided all the elements of social consciousness and juicy reading for a mass audience.

"The Japanese press can be very interested

(Continued on Page 16S)

## Management Techniques: Can They Be Sent Abroad?

CAN JAPAN export its management techniques? It has little trouble exporting the products of those techniques—high-quality automobiles, machine tools and so on. Exporting the techniques themselves would help solve a lot of problems such as trade deficits and unemployment for Japan's trading partners.

The Japanese are taking the question very seriously. With the tapering off in U.S. productivity growth, they are asking themselves what Japan can do to help the United States revitalize its economy. Several large research projects have been launched, and while no one seems to have come up with a clear answer, the debate has done a lot to clarify what might be involved in U.S.-Japanese productivity differences.

Perhaps the main point to emerge is that some Japanese management techniques are not as unique as many had thought. At an international conference held in Tokyo in May by the Yomiuri Publishing Group, the chairman of the Westinghouse Electric board, Robert Kirby, pointed out that his own as well as quite a few other U.S. companies offered much the same lifetime employment, in-house training, welfare facilities and so on as Japanese companies.

Others noted how many Japanese companies were amending their traditional seniority promotion systems to allow for individual merit. In some of the more aggressive of Japan's expanding chain-store companies, 30-year-olds are finding themselves giving orders to men 10 or 20 years their senior.

The conference in May ended with a call for better employer-employee relations worldwide but with little specific advice.

A lengthy report soon to be released officially by the Nikko Research Center in Tokyo goes into much greater detail on the subject. It concludes that worker alienation is the major problem in the United States, and sees the wider use of Japanese-pioneered "quality-control circles" or QC circles, as the best possible answer.

These quality-control circles—usually involving groups of about 15 meeting after work to discuss ways to improve quality and efficiency—are widely used in Japanese factories not only to improve quality but to provide workers with a sense of collective responsibility for the work place.

Nikko has pulled together impressive data to show how some U.S. companies that have introduced QC circles, or QWL (quality of work life) circles, have greatly improved their performance. But it also admits that there have been failures.

### Cooperative Atmosphere

The Nikko report emphasizes the benefits of providing job security to workers—in-house training, the proper mix of seniority and merit promotion, job rotation, and company loyalty, among other things. But like the Yomiuri conference, it recognizes that quite a few U.S. companies do in fact offer such security—International Business Machines, Xerox, Tex-

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## Steel Is Leading a Charmed Life

ONE OF THE most enviable things about the Japanese steel industry is that it has continued to show profits in the face of decreasing production levels and increasing idle capacity. The question is how long this can continue.

An answer is provided by Nippon Steel Corp.'s new president, Yutaka Takeda, who insists that his firm, and the other majors who are equally competitive, will continue to show good profits even with only 60 percent of industry capacity working.

The industry now has 67 percent to 68 percent of its capacity in operation. Yet the major manufacturers manage to pay healthy dividends. Nippon Steel's annual dividend dropped to 6 percent in 1977, rose to 8 percent in 1978, and in 1979 and 1980 returned to the 10-percent level paid in 1976.

Japanese steel production reached its peak in 1973 with 120 million tons. That was the year of the first oil crisis, until which time the industry was pouring millions into plant expansion in the heavy environment of major economic growth. Capital investment made and committed through 1973 has given the steel industry an annual capacity of 140 million to 145 million tons.

**Production Drop**  
By 1979, steel production had dropped to 112 million tons. Last year, it was 107 million, and initial estimates for 1981 are in the 102-million- to 103-million-ton range, although some predict it may fall below 100 million tons. In any event, production increases in the years ahead will be minimal, industry officials predict.

Japan's steel output last year was higher than that of the United States, which turned out about 100 million tons, but was below the European Economic Community's 127 million tons.

Of the Japanese steel industry's 65 blast furnaces, only 44 are in operation.

**Several Factors**  
The industry's performance despite shrunken demand has been due to several factors. One, of course, has been the shutting down of excess production capacity so that facilities in operation function to full capacity. But more important has been the development of improved technology in equipment and operating techniques.

The blast furnace fuel rate — the single largest determinant of the industry's energy consumption — has been drastically reduced. For example, Nippon Steel, which produces one-third of Japan's steel

**Excess production capacity has been trimmed back — and improved operating techniques and technology have cut energy consumption and promoted other savings.**

output, cut its blast furnace fuel rate from 489 kilograms (per ton of pig iron produced) in 1973 to 467 kilograms in 1980. The record is held by its Ono Works, where the 1980 fuel rate averaged 434 kilograms. The Japanese steel industry has the lowest fuel rate in the world.

**Other Savings**  
Further cost savings have been achieved in the iron-making process by reducing, and in many cases eliminating, oil injection into blast furnaces in favor of coke.

In steel-making, Japanese makers have turned to continuous casting at a much faster pace than other countries. Continuous casting — the casting of molten metal continuously into plate, instead of going through the ingot-making, slabbing and blooming processes — improves yield by about 10 percent and reduces energy consumption by two-thirds. It also enables a substantial reduction in labor. The Japanese continuous casting ratio jumped from 6 percent of total production in 1970 to 52 percent in 1979 and 60 percent in 1980. Industry officials say that the ratio will continue to increase.

Savings from these and other measures brought down the industry's energy consumption to 12.5 percent less in 1980 than in 1973.

Another cost-saving factor has been the reduction in the labor force. The industry as a whole has cut its work force by about 30,000 since 1977, the year that most of the major firms began trimming down in earnest for the low growth era.

Japanese steelmakers depend on foreign supplies for 99 percent of their iron ore and 90 percent of their coking coal. Annual purchases from abroad total about 130 million tons of iron ore and 50 mil-

lion tons of coal. The long distances these materials must be transported means the consumption of about 5 million tons of bunker oil every year. About 60 kilograms of bunker oil goes for every ton of pig iron produced. Moreover, the jump in the cost of bunker oil from \$15 a ton before 1973 to \$200 this year has raised the share of oil costs in total shipping costs from between 8 percent and 10 percent to 50 percent.

**Efficient Ships**  
This has led the industry to work with shipbuilders in developing new, energy-efficient carriers that stress economy rather than speed. The vessels, the first two of which will be launched next year, are expected to reduce bunker oil costs by two-thirds.

"We have taken the fat off the body. What we are now doing is building up the body's stamina," an official said of the industry's efforts.

One major area of stamina-building has been in the development of new products to meet the changing needs of steel-consuming industries.

For the automobile industry, lighter gauge, corrosion-resistant, high-strength steel sheet has been developed to help increase fuel economy, durability and safety. For the container industry, steelmakers are supplying new high-gauge triple-deck deep drawing quality for two-piece cans to compete with aluminum.

Research has brought tougher pipe, better able to withstand extremely low temperatures and corrosive soil conditions such as found when drilling for oil and natural gas in frigid zones.

Industry officials foresee a continuing increase in research and development budgets. Most of the big manufacturers now spend 1.5 percent to 2 percent of their investment outlays for research and development, against about 1 percent less than a decade ago.

Capital equipment spending by the steel industry reached a peak in 1976, the final year for major outlays on plant expansion programs to which the industry committed itself before the cost of oil soared. That year, it totaled 1,264 billion yen. The following year, it dropped to 684 billion yen, then to 580 billion yen in 1978, and remained roughly at that level through 1980. This year, capital equipment expenditures are expected to rise to about 830 billion yen on a work-done basis.

—KEN ISHII



PEACE MONUMENT in Hiroshima frames dome that marks the epicenter of the atomic bomb blast of 1945.

## Government Wrestles With the Economy

(Continued from Page 75)

nounced a program of crash imports for uranium and other stockpiles, but this will not help much.

Ultimately, the only solution will be a return to the very high yen rates of late 1975 (about 180 to the dollar) and a repeat of the "inflationary shock" suffered by the less competitive export industries at the time. Since exports are currently a lead sector in a spotty economy, Japan faces another threat to its hoped-for recovery.

The other lead sector — high equipment investment levels — also faces problems. In the January-to-June period, investment rose to almost 20 percent above last year's level as firms competed eagerly to introduce the latest energy-saving and labor-cost-reducing technology. But most believe that the rate of increase will peak

### Foreign Trade

Year	Exports		Imports		Balance
	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)	
1970	19 318	18 881	4 307		
1971	24 019	19 712	4 307		
1972	28 591	23 471	5 120		
1973	36 930	38 314	-1 384		
1974	56 538	62 110	-5 572		
1975	56 753	57 863	-2 110		
1976	67 226	64 798	2 427		
1977	80 495	70 809	9 686		
1978	97 543	79 343	18 200		
1979	103 032	110 672	-7 641		
1980	128 807	140 528	-10 721		

soon, particularly if there is any serious check to exports.

Future growth depends heavily on some recovery in consumer spending, and there is no clear sign that consumers are ready to go on any spree. One bright sign is that inventories are close to bottoming out. Some pickup in housing is also expected.

The Organization for Economic Cooperation and Development has

also warned that future recovery would have to depend on improved domestic demand, and that there is some risk of this demand faltering as the full effect of public spending cuts is felt.

It suggested that Japan may be forced into further policy adjustments to ensure that there is a recovery — a combination of reflexive fiscal and monetary policies, for example. Japanese officials have ruled out any possibility of policy changes for the near future, however.

Nevertheless, no one expects the economy to move into a serious recession. Forecasts still indicate a 5-percent growth rate for 1981, with the consumer price index coming down to 4 percent.

In particular, Japanese industry shows every sign of maintaining its remarkable productivity growth as automation, including robots and computers, reaches wider areas of the manufacturing sector. Even small and medium-size industries are beginning to invest heavily in automation equipment in an attempt to remain efficient.

## Management Techniques: Can They Be Sent Abroad?

(Continued from Page 15)

as Instruments and Hewlett Packard, for example.

Its main conclusion is that there seems to be a direct correlation between the degree of "Japaneseness" in a U.S. company's management techniques and the success of the QC circle. In other words, there needs to be a cooperative atmosphere before workers will use their own time to discuss how to improve work performance.

This in turn raises the question whether Japanese productivity might be the result more of attitudes than techniques, the result of the culture's emphasis on group solidarity. There is much in Japan to suggest that this is the case. Contrary to popular belief, Japanese companies use a wide variety of often contradictory techniques to improve productivity.

Some of the most productive firms — Sony and Honda, for example — go out of their way to break down the strong sense of company identification that develops naturally in most Japanese employees. They argue that, while it might bring loyalty, it does not provide ideas and creativity. What they need to keep ahead as technological leaders is free-thinking employees who see themselves first as independent individuals, they say.

—KEN ISHII

Quite a few other progressive companies have taken up the same theme. Canon, the camera maker, set out to discourage employees from working too long and too hard, saying that it wanted its workers to have private lives. Kao, the soap and cosmetics maker, avoids the usual practice of providing low-cost housing and other welfare facilities for employees, arguing that people should not be pampered too much — they should face the challenges of life.

**Breaking Rule**  
Pioneer, the electronics maker, breaks the first rule of Japanese management by recruiting outside talent, even at senior and board levels. Executive recruiting companies are rapidly expanding their head-hunting activities in Japan as assumptions about lifetime company loyalty slowly crumble.

A large leasing company openly advertises to attract discontented employees from other companies. It demands loyalty once they enter its ranks, but that is another thing.

Perhaps the key is the attitude of the worker outside the range of so-called Japanese management. Only one-third of Japanese workers actually have lifetime employment and the other benefits that are supposed to be such a strong point in

management and productivity; the remainder work for themselves or small companies that hire and fire as economic conditions dictate.

Yet their work dedication is no less. A good example is the *dekasegi*, or seasonal workers, who man most of the large construction projects. They come in from the countryside during slack periods, work for a few months and return to plant or harvest the rice, for example. They owe loyalty to no employer. They certainly do not enjoy job security. But anyone who has seen the speed and precision with which the Japanese go about their construction projects would have to agree that the *dekasegi* are no less productive than other Japanese workers.

Most observers of the labor scene agree that this sense of responsibility is rooted in Japanese culture, and many now believe that it cannot be explained simply by the Confucian culture that Japan received from China.

**Other Asian Nations**  
While high growth rates in Asia today are concentrated in offshore Sinitic Asia — Singapore, Hong Kong, Taiwan, Korea and of course Japan — the Japanese model seems quite different from the others. For one, thing, Japanese

companies that have tried to export management techniques to these other Confucian countries have usually failed.

Korea is an example. Several large Japanese companies went there assuming that cultural similarities meant Japanese management would be accepted. As in Japan, they invested much time and money in recruiting promising graduates and providing extensive in-house training, only to see them leave for higher-paying jobs in rival U.S. and Korean enterprises.

Labor turnover rates in Taiwan and Korea average close to 50 percent. In Japan they are close to zero. Also, in the first two countries, there are clear distinctions between blue-collar and white-collar employees, something rarely found in Japan.

Curiously, Japanese management techniques have often had more success in North America and Northern Europe than in Asia. In Britain, for example, there are several well-researched examples of Japanese companies, electrical makers in particular, winning worker loyalty by such simple techniques as breaking down class distinctions and offering job rotation.

The zipper maker YKK has had

particular success, with more than 40 manufacturing subsidiaries around the world. In Japan, it uses a highly familial form of management, with employees given a paternalistic equality and made responsible for the functioning of their machines. The company even spins QC circles as an unnecessary distraction.

Abroad, YKK concentrates on small operations (less than 100 employees) with machines and technical staff from Japan. And it goes to the same trouble to create the atmosphere of the factory as one big family. Apparently it works: YKK has more than half the non-Communist world's zipper market.

Some observers believe that Japanese techniques succeed in North America and Northern Europe because worker attitudes are similar. These areas have a long history of village or feudal communities, followed by the rapid introduction of industrial technology. Western workers therefore retain some instinctive attachment to the work place. Western management has in recent years tended to ignore this attachment and concentrate on more scientific, rationalistic techniques, which, according to this theory, has led to worker alienation.

—GREGORY CLARK

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1979	7,570
1978	6,688
1977	6,152

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### Industrial Electronics

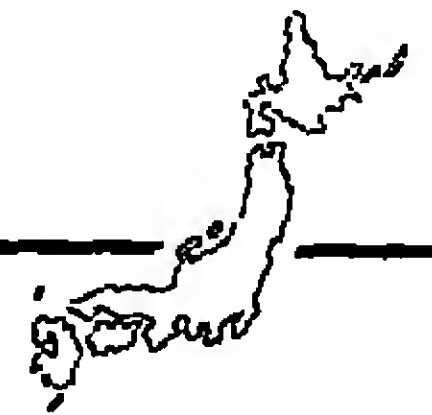
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**Main Products**  
Communication Systems: broadcasting systems, telephone systems, facsimiles  
Information Systems: computers, word processors, data entry systems, computer peripherals & terminals  
Business Machines: copying machines, calculators  
Labour-Saving Equipment: mail processing machines, banknote processing machines  
Medical Equipment: computerized tomography scanners, diagnostic X-ray equipment, ultrasonic diagnostic equipment  
Electronic Components: integrated circuits and LSIs, colour cathode ray tubes, magnetron tubes





# Future of Television Is Subject of Debate

By Roger Schreffler

ALMOST 30 YEARS have passed since television broadcasting began in Japan. In that relatively short time, the industry has developed into one of the most influential instruments for shaping the values, opinions and beliefs of the postwar society. But television's future as a "serious" medium has in recent years been called into question.

Prof. Hiroyoshi Ishikawa, a social psychologist who specializes in mass communication, said: "In the early years, including the 1960s, TV was reality-oriented and the values of democracy and affluence were conscious products of the medium. Today, however, for most viewers in Japan, TV is just for fun and entertainment. It is no longer a serious medium, and the experience of viewing television is not a deep one."

Prof. Ishikawa, along with many other critics of the industry, blames the ratings competition. Largely in an effort to secure a greater share of the viewing audience, the four major commercial television stations that operate nationwide (apart from the government-supported Japan Broadcasting Corp., more commonly known as NHK, which operates both a general and an educational network throughout the nation), have been forced to sensationalize and to "sugarcoat" most issues of interest and importance, the net result being that "they do not tell the truth," he said.

Laurie Schick, a Ph.D. candidate at the University of Chicago who is doing research at the Tokyo Broadcasting System (TBS), sees part of the problem deriving from a "severe generation gap, for the postwar children growing up today have experienced a society so vastly different from their parents that there is very little ground for mutual understanding."

Miss Schick, who is studying the transformation in the "home drama," recently wrote that many people in Japan today are experiencing a disintegration of their homes. Consequently, the harmony that is traditionally associated with Japanese home life and that is portrayed in the standard home drama often does not accurately represent reality — thus the low ratings.

There are many in Japan today who feel that television has declined in importance relative to its two major media competitors — news-

papers and magazine publishing — in terms of its influence on society, particularly in raising social consciousness. Whether this is the case is difficult to see.

The formative years of Japanese television, which came shortly after the end of the Allied occupation, were strongly influenced by U.S. broadcasting personnel. Consequently, a great portion of the air-time was devoted to the democratization and liberalization of a defeated nation. In later years, particularly from the 1960 boom period onward, the television industry's tremendous growth came to reflect the nation's "economic miracle" and growing prosperity.

"In the early years," Prof. Ishikawa said, "TV helped to promote the social myth that Japan was a democratized country. Later, it gave us a kind of 'democratization of taste' and thus raised the aspiration level of individuals. When we saw a commercial of a new car, for example, we felt that, if we tried a little harder, everyone could attain this."

During the early post-occupation period, a television set, washing machine and refrigerator were among the most important tangible — and attainable — goals for the hard-working Japanese. Television became a symbol of the era, and possession of one was seen as a reward for the sacrifices made in the pursuit of economic rehabilitation and development.

With the inauguration of full-scale color broadcasts in September, 1960, a new target was set, and by the time the second consumer revolution was in full swing in the middle of the decade, television once again (this time color) was one of the most sought-after items. At present, there are more than 29 million color sets, in use throughout Japan.

Tadashi Okuyama, publisher of the Weekly TV Guide, said: "TV is



IN THE PICTURE: A television set occupies a prominent place in the dining area of this Tokyo family.

a must in Japan today." And unlike many critics of the industry, he believes that television "is the most influential medium in the nation. Users now number more than 100 percent," which means that the number of television sets per household averages out to more than one.

If advertising is a reliable indicator of influence, Mr. Okuyama may well be right. In 1976, for ex-

ample, television's share of the advertising revenues of the four major media — also including newspapers, magazines and radio — was for more than 45 percent. This means that the nation's two largest advertisers, Suntory and Matsushita, each with respective annual budgets ranging between 20 billion and 30 billion yen, according to Mr. Okuyama, are spending almost 100 million yen a day for media advertisements, with the lion's share earmarked for television.

The issue of which of the media has the greatest impact on society may be nothing more than an academic exercise because it can be said that the various media do not compete with each other after all. Apart from NHK, all of Japan's major commercial networks are affiliated with newspaper chains. TBS is affiliated with the Mainichi Shimbun group; NTV (Nippon Television Network Corp.) has ties with the Yomiuri Shimbun; Fuji

Telecasting Co. with the Sankei Shimbun; and Asahi Broadcasting Corp., formerly Nippon Educational Television Co., with the Asahi Shimbun, one of the largest newspaper companies in the world. In addition, Tokyo Channel 12, which has increased in stature in recent years, is affiliated with the Nihon Keizai Shimbun, the nation's leading economic daily.

A critic has pointed out that in recent years there has been new support for radio, especially among teen-agers, who see radio — in particular, late-night broadcasting — as a kind of safety valve for academic pressures, something that television does not provide. In terms of teaching values — traditional and modern — this critic said, "motion pictures are much more influential and value-oriented than television."

will at some time in the future have to compete with some new media form, for example cable television, that has the potential to portray the real world better. Prof. Ishikawa is not optimistic about the future of cable television, noting that the ratings war would most likely adversely affect it.

Mr. Okuyama does not expect cable television really to take off or to become a serious competitive factor in Japan like in the United States, largely because the government is not likely to expand the number of stations greatly.

Concerning other electronic media made possible by technological advances in the electronics field — for example, video discs, VTRs and the two-way Captain system, which has great potential for education — Mr. Okuyama said that they all must rely to some extent on the picture tube and screen, making them nothing more than a byproduct of television.

# Suzuki's Second Year Looks More Difficult

(Continued from Page 78)

which would be late November. But he could run into a problem if the passage of pending bills, especially those related to his controversial administrative reforms, is delayed, thus forcing an extension of that session until the beginning of the regular Diet session in December.

One thing that Mr. Suzuki has going for him is his party's stable Diet majority. As intra-party discord has tended to mount when the conservative majority has been narrow, it has tended to lessen when the majority has been large, and the LDP has one of the strongest majorities since after the war.

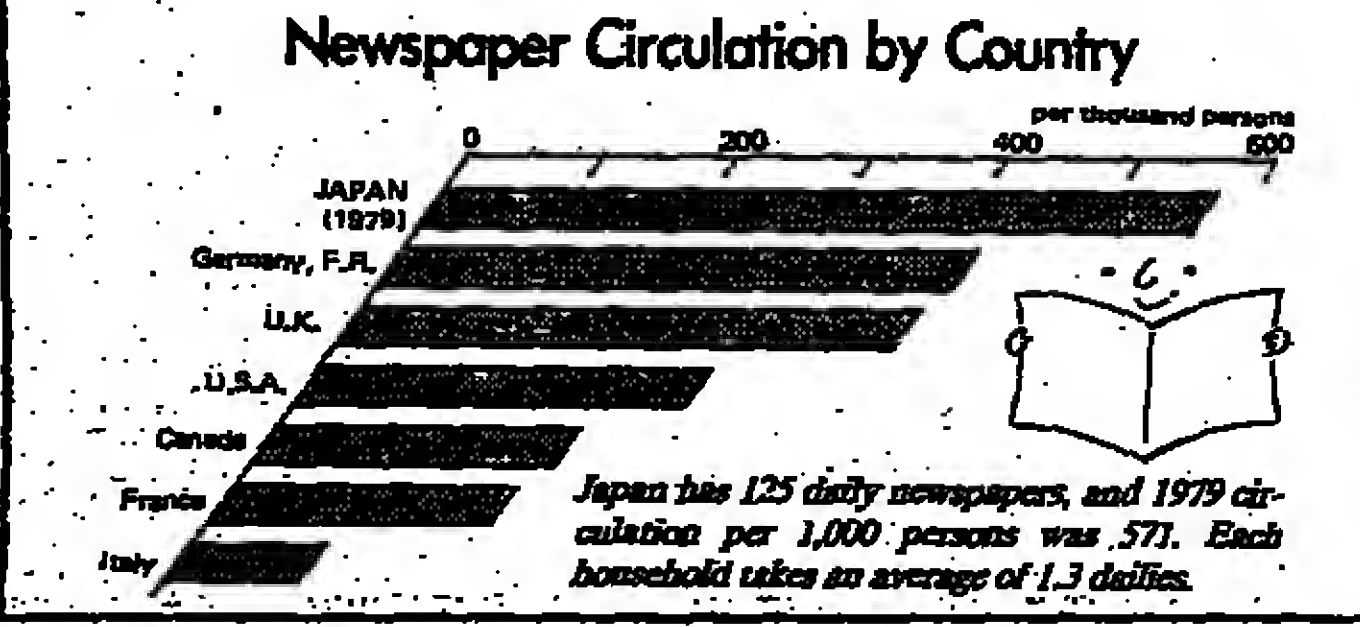
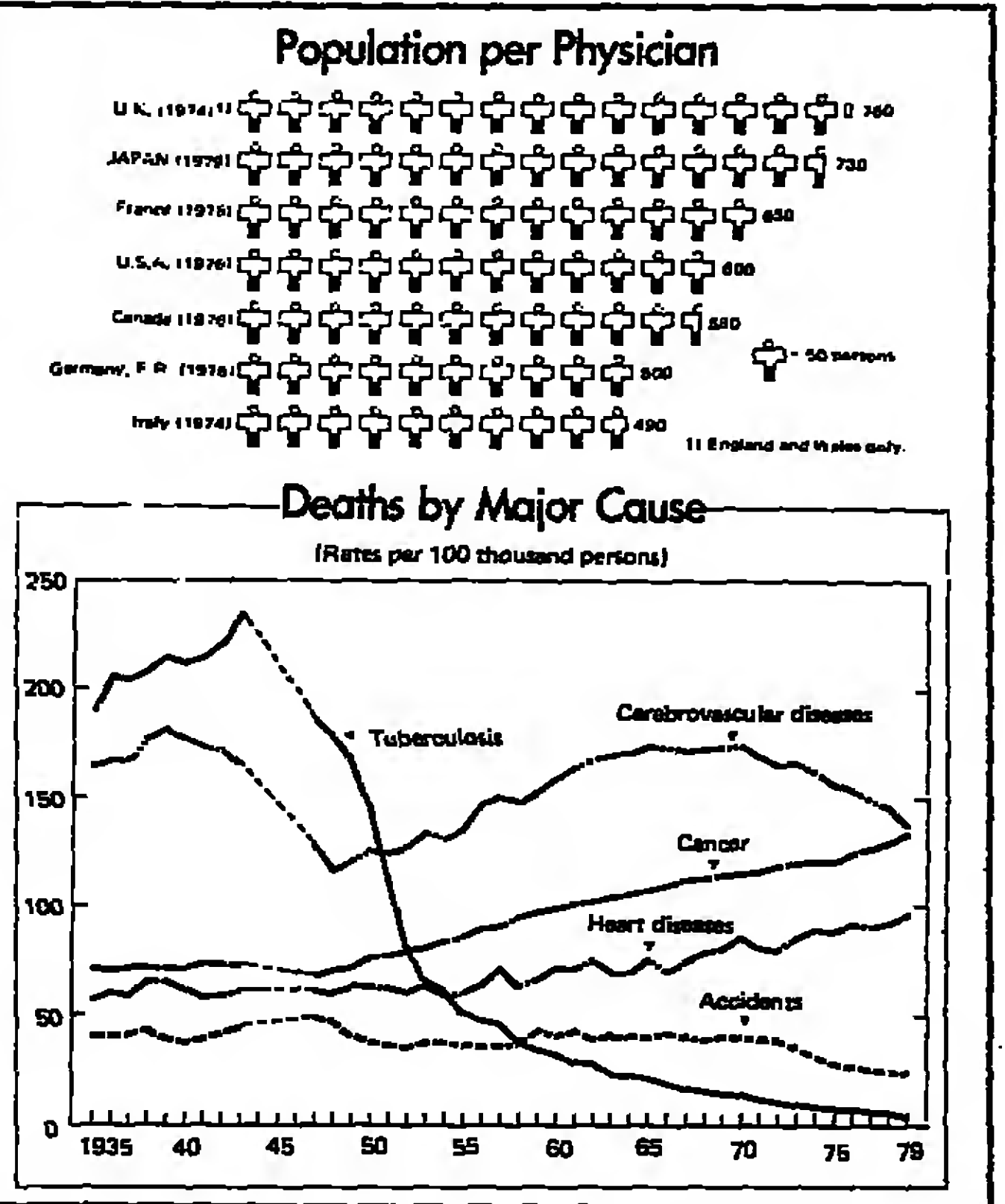
In the previous general election, held in July, 1980, the LDP won 286 of the 511 seats in the House of Representatives and 136 seats in the 252-member House of Councilors. The largest opposition is the Socialist Party with 106 and 47 seats, respectively, in the lower and upper chambers, followed by Komoto (the political arm of the Buddhist Soka Gakko) with 34 and 27, the Democratic Socialists with 33 and 12, and the Communists with 29 and 12.

Another factor in Mr. Suzuki's favor is that he continues to have the support of big business, on which the LDP relies heavily for political donations. The support was underscored by Toshiwo Doko's acceptance of the post of chairman of the Administrative Reform Commission.

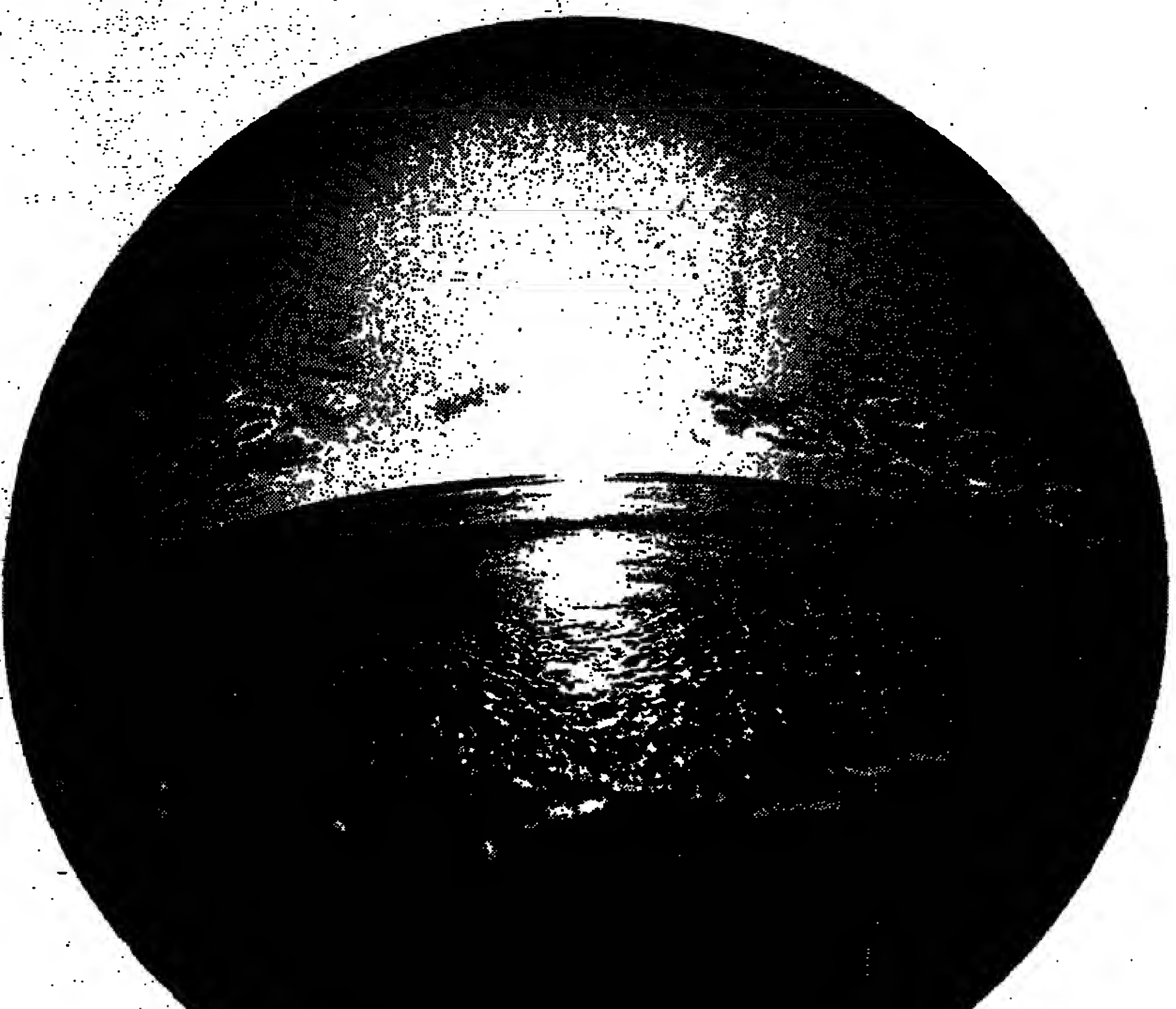
Backlog From Factions Still another factor is that the premier has the backing of the Tanaka and Fukuda factions, which dominate the LDP. Neither of these factions is now in a position to field a candidate for premier.

Finally, Mr. Suzuki is able to bank in the assurance that the majority of the country is solidly conservative behind the LDP, a trend that now appears to be accelerating gradually with the aging of the population.

Except for a brief coalition period in 1947, the conservatives have retained an unbroken hold on power since the end of World War II, and judging from the perpetual disarray of the opposition this domination is likely to continue.



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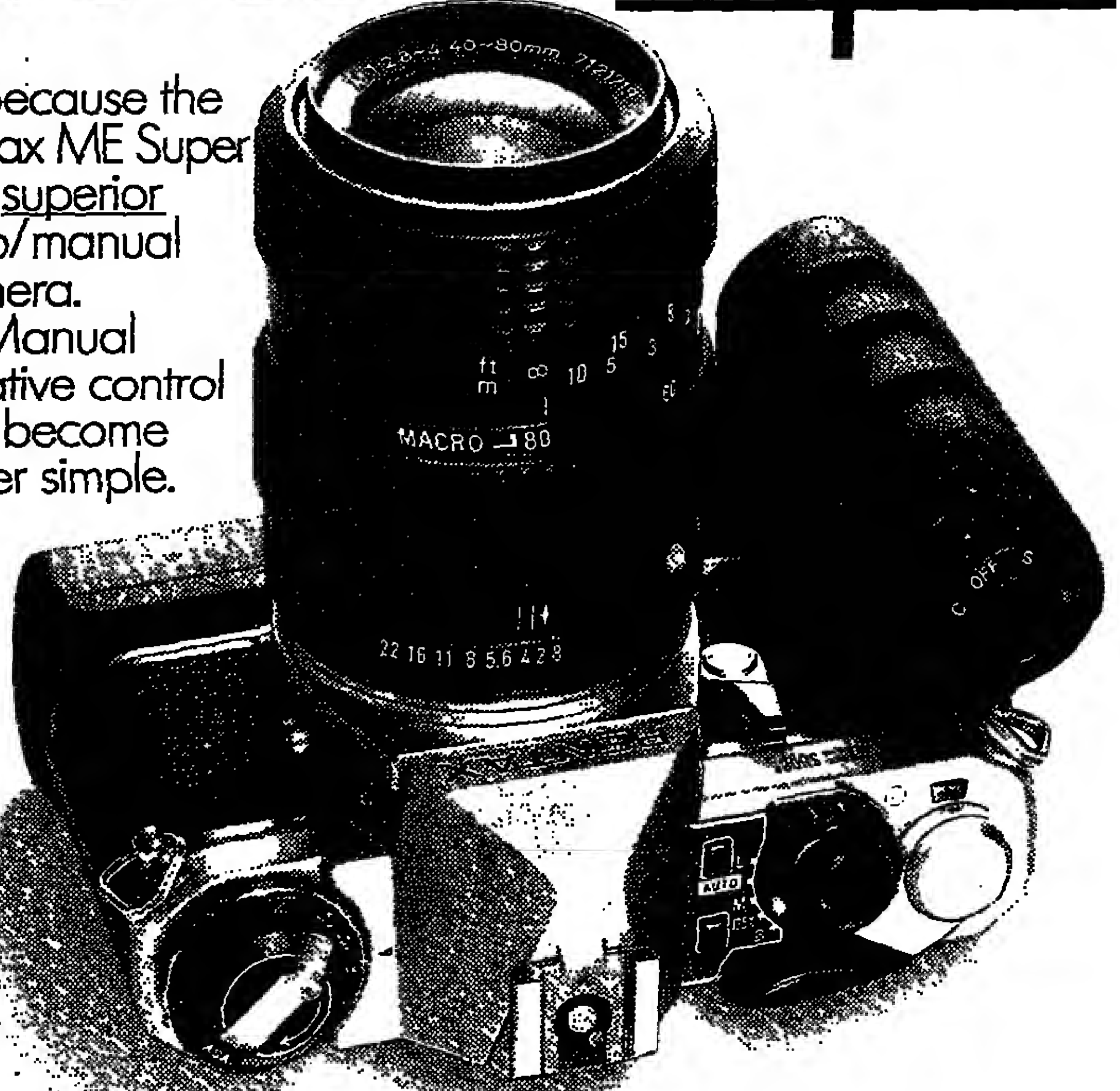
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# Bayerische Vereinsbank Interim Figures 1981

Bayerische Vereinsbank Group 30.6.81 (in billion DM)

Total Assets	Due to Customers	Due from Customers
93.8	22.5	22.5
Bonds Issued in Long Term Loan Sector	Lendings in Long Term Loan Sector	Capital Resources
51.8	53.3	2.1

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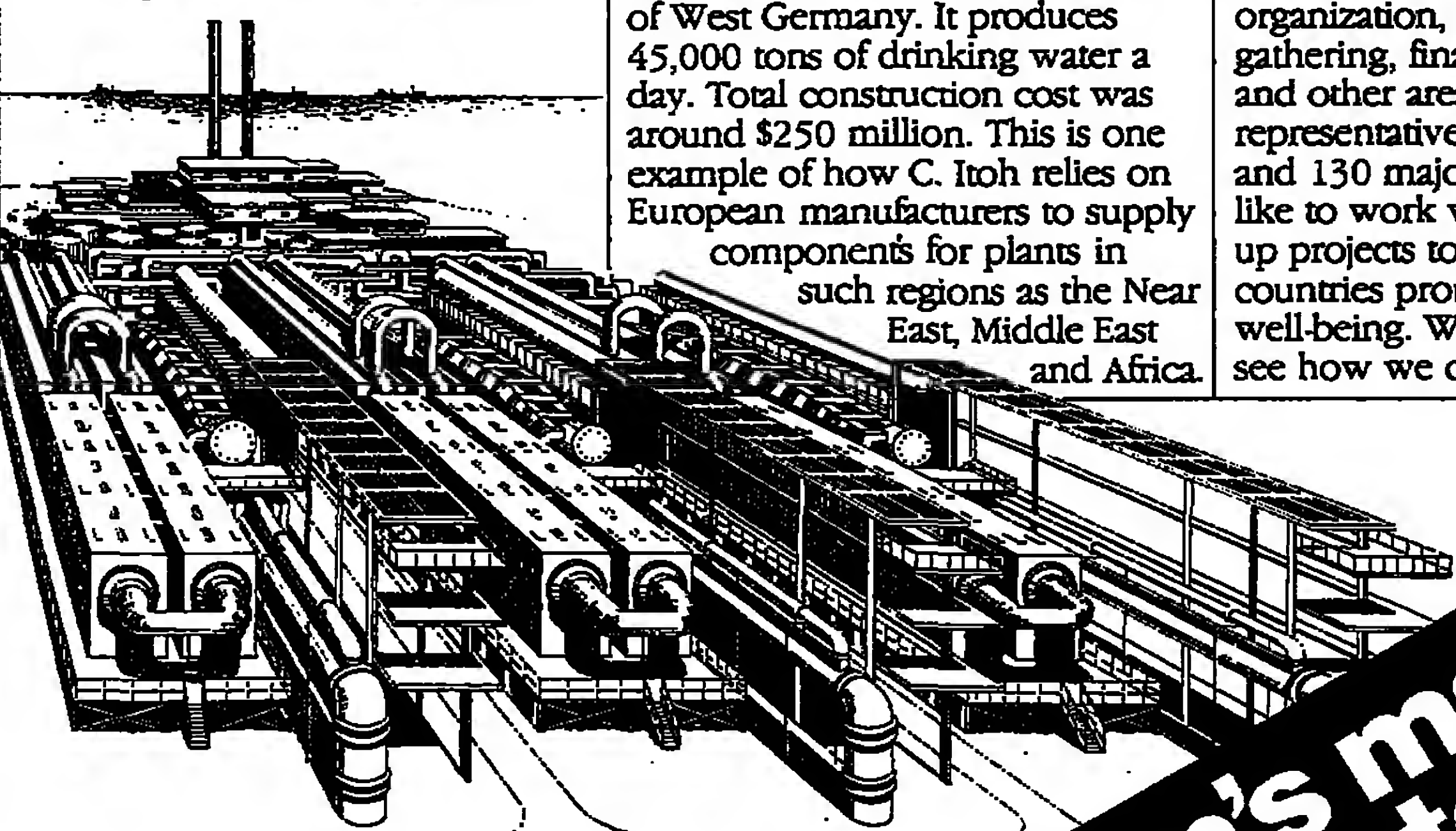


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## Imported Words Enliven the Language

OF THE MANY things that Japan has imported from the West, few have had a greater impact than foreign words. Since World War II, foreign words have been added to the Japanese vocabulary at such an alarming rate that linguists fear the mutation will destroy the identity of the language.

So many foreign words are now part of the Japanese vocabulary that bookstores carry special dictionaries to explain them. One such dictionary has more than 10,000 entries. Opening to a page at random, one finds "invisible, invitation, inflight, infield, inferiority complex, informal, information, information program, input, influenza, inflation, inflation gap, impression, inflation hedge, investment counselor, imperialism, inventory, invoice, important, impossible, immoral."

Some imported words have no Japanese counterpart, such as technical terms, sports terms and place names. But most do have equivalents, yet the Japanese increasingly seem to prefer the foreign words to their own, and in many cases have given them meanings different from the original — or have abbreviated them for simpler pronunciation.

Apartments, condominiums and cooperatives are called *man-shon* (mansion). Although they may seem little larger than rabbit hutch, to which a British official not long ago likened Japanese homes, they are mansions in this country, despite the fact that the term no longer has the sense of grandeur that real estate developers intended to convey when they adopted it about 20 years ago.

### Ownership

In Japan you either live in a *man-shon* or in a *mai-homu* (my home). Every Japanese dreams of owning his *mai-homu*. "My" heightens the sense of ownership — hence *mai-koo* (my car) and *mai-com* (my computer), or *mai-town* (my town) to encourage a sense of belonging to one's community.

A *man-shon* is different from an *apartment* (apart) in that the latter does not have a bath. *Apartment* is the Japanese abbreviation for apartment, just as *deh-pario* (depart) is a department store. A building is a *bitu* (for the first two syllables of building).

Japanese write foreign words in their phonetic katakana alphabet. Katakana and hiragana (the same phonetic alphabet written somewhat more elaborately) supplement the Chinese ideograms that form the basis of written Japanese. The use of foreign words began with

the arrival of the Portuguese and Dutch trading ships in the 16th and 18th centuries. Some words introduced then are still used. For example, bread is *pan* (from the Portuguese *paão*). Mass is *mi-ssu* (from *missa*). A *seesaw* is a *buran-ko* (from *balance*). From the Dutch, the Japanese have adapted such words as *co-ffee* and *garasu* (glass). During World War II, the military attempted to remove all "enemy words" but with limited success. Up to that time, there was a certain snob appeal in injecting a foreign word into the conversation, but it was not until after the war that the deluge began, with advertising agencies bent on creating new, eye-catching expressions leading the way.

### Simple Sentences

Today, it is possible to speak some simple Japanese sentences totally with adopted English words. A house developer might appeal to customers to *en-joy man-shon puri-ty* (enjoy mansion life now). A popular television program of youth-oriented popular songs is titled "Gang Go Young" ("Let's Go Young").

Critics deplore what they consider the indiscriminate adoption of foreign words and accuse even such sources as the Tokyo Metropolitan Government. It refers, for example, to a *shi-bi-ru mi-ri-namu* (civil minimum) to describe what it considers to be the minimum acceptable standard of service to the Tokyo citizen. It was one of the first to use *mai town* for a newspaper recently commented editorially, "there are several Japanese equivalents which are better."

Another page at random from the foreign word dictionary lists "challenge, challenger, chance, chance maker, channel, champion, changpang (to mean hodgepodge from a Chinese dish of mixed meat and vegetables), chewing gum, tutor, tuna, tuner."

With equal abandon, Japanese have invented new applications for English words that even a native English speaker would have trouble understanding. Having adopted the word *do-ry* (dry) as in dry humor, the Japanese lost no time in finding the right term for the opposite. *Ueto* (wet) refers to anything sentimental or mushy.

If you do anything that is *mai-nasu* (mimic), it will have a negative effect. If you go around a golf course without a caddy, you are playing it *serufu* (self). A television station calls its nightly baseball program *ekusaito mata* (excite niter). And so on.

All in all, most will agree, the Japanese appetite for English words is *oh-ha* (over), which means it's a bit much.

—KEN ISHII

## MITI: The Powerhouse Behind the Progress

### Special to the IHT

AROUND THE WORLD, the Ministry of International Trade and Industry is known as the powerhouse bureaucracy behind the progress Japan has made in catching up with the technology of the United States and Europe.

Yet, in Japan, MITI's role is not so universally regarded with awe. In the halls of the ministry itself, the harried, overworked bureaucrats, pecking over piles of papers on tiny desks, seem anything but the world's most powerful bureaucrats in the world's fastest-growing industrial country. "The rest of the world clearly overestimates our role," a high-ranking MITI official said. "We are not what you think we are."

Nevertheless, MITI is credited in Japan, and overseas, with having led Japanese industry by the hand through some of the biggest and most essential research projects. And that cooperation between business and industry is increasingly cited as one of the fundamental reasons why industry has made so much progress of late. In contrast to the U.S. bureaucracy, for example, there can be no doubt that Japan's bureaucracy does all it can to see that industry functions smoothly and competes efficiently.

During recent years, MITI has gained most of its fame not from the everyday activities that are its bread and butter — supervising industry, regulating its activity (at the fringes) and issuing endless reams of statistic-filled reports — but as a result of the major research projects into which it has channeled government funds and technical assistance.

### Projects pushed by the Ministry of International Trade and Industry include the 'supercomputer' — budgeted at \$150 million.

For example, MITI's Next Generation Technology Development Division, part of its Industrial Technology Council, has just approved for research and development an enormous range of projects. It intends to spend 104 billion yen on 12 types of major research. The projects range from fine ceramics to electrically conductive high-polymer materials to massive biotechnical cell cultures.

If those projects sound ambitious, competing businessmen in the United States and Europe are probably worried most about two other major projects, begun already, that threaten to vault Japan ahead of the world in the computer industry. These are the "supercomputer" project, designed to develop the world's fastest computer, and the "fifth generation" computer project, designed to develop a highly innovative computer.

The "supercomputer" project is the most mature and the least innovative of the projects, budgeted at \$100 million to \$150 million. Its objective is to create, by 1990, a prototype of computer hardware that can function about 66 times faster than the fastest computer in the world today, the Cray-One.

Such a computer would have only limited commercial applications; most computer users do not need such speed. Yet important markets could emerge for the ma-

chine in weather forecasting, military code decipherment, aircraft test design, and the simulation of plasma physics and nuclear reactions.

The "supercomputer" will take the Japanese a long time to build, but the technical problems are dismissed as relatively simple by a U.S. technician. The key problem is getting the money to sustain the cooperative efforts of so many people over such a long period. This is where MITI's particular genius — and power — comes into play. "MITI can get people together who would ordinarily not cooperate because of other pressing engagements, and the lack of leadership," a scientist said. Whereas the technicians capable of making such projects would not ordinarily come together in the United States or Europe, except possibly under the leadership of a military authority, in Japan it is MITI's role to provide the coordination.

The "fifth-generation computer" is even more ambitious, and even more likely to lead to Japan's ascendancy in the computer world during the 1990s. The goal of the project is so innovative that they are extremely vague, but the conception behind them is easy — and perhaps frightening — for a layman to understand. The computer is to be the first capable of making inferences from the data fed into it. This is a major jump from the

present generation of computers, which is limited to the mathematically predetermined computations that the machine's software allows it to calculate.

The new computer will have a number of other advantages: it will be much smaller, cheaper to operate, easier to program (anyone will be able to give it instructions), yet quite compatible with existing computer software.

Computer experts agree that, for all the significance of such projects, they would not be undertaken were it not for the MITI. "The top decision-making people at private companies cannot decide to do such fundamental research," said Prof. Makoto Nagao of Kyoto University's department of electrical engineering. "Because they cannot tell whether it will lead to profits. But when the MITI says that the research is vital and hands them the money to do it, they can't turn down the money."

### Dispersing Benefits

MITI also plays the valuable function of dispersing the responsibility. If only one or two companies were involved in such research, they would share not only the financial burdens but the political risks. MITI's role is to ensure when the research does not result in any profit. Prof. Nagao said, "no one feels guilty. They all say 'MITI gave us the money, so it was not our fault.'"

There is, of course, no assurance that any MITI project will be a total success. Some are halted by technical impossibilities. More commonly, they fall victim to rivalries between the various groups of technicians, all of whom retain some residual loyalty to the companies for which they have worked most of their lives.

Among the MITI projects that have failed to reach most of their goals are the "sunshine project," designed to generate commercially feasible solar power, and the nuclear power project. The key problem in both cases has been that private researchers have feared that the commercial potential of their research could be used by competing companies. One way that MITI tries to retain loyalty to its projects is to ensure that workers are secretly able to transmit some of their findings to their own companies. "It keeps the workers from leaving the projects entirely," an MITI executive said.

Another key role played by MITI is in dividing the actual working responsibilities in any new project among the various companies that will be contributing technicians to it. In the case of the new computer projects and many of the other new technology programs, the task of assigning responsibility — and getting everyone to cooperate — is aided by a key consideration: the uncertainty that anyone will be able to make any commercial benefit from such projects in the near future. "It is only after it is clear that some companies will profit more from these projects that the teams fall apart," a government official said.

### International Projects

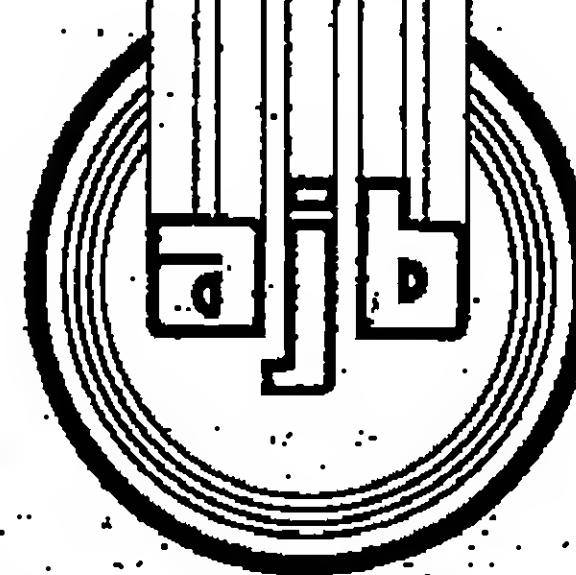
Some of the newest MITI programs will also be, for the first time, international. The "fifth-generation" system under design is so radical a project that the MITI has already invited officials from Europe and the United States to a major symposium on the plan in Tokyo this fall.

Critics of Japanese technological progress are bound to cite such conferences as evidence that the Japanese are insecure. If they were certain of their progress, the argument runs, they would not have to invite foreign technicians to discuss the details. MITI officials admit that the invitation to foreigners is a sign that the Japanese are not so confident in their leading the world in new technologies. "We have been a nation of imitators," an economist said, "and for the first time we will have to lead the world in these projects. No wonder we don't feel sure of our position."

## A growing international presence

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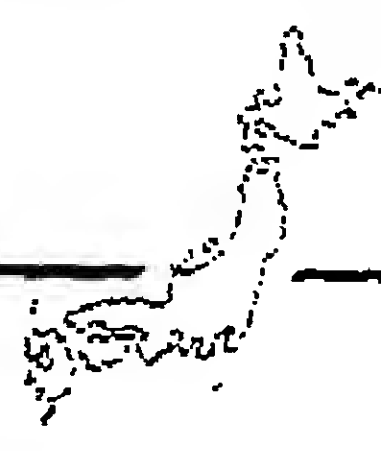
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## Auto Industry Facing Mergers, Purchases

THE MOTOR vehicle industry faces a long-term prospect of mergers and purchases that could cut the number of manufacturers in half by the end of the century.

Japanese motor vehicle experts offer that assessment amid a slight but possibly portentous decline of nearly 1 percent in the number of vehicles produced in the first seven months of this year from the same period in 1980. Manufacturers still predict that production for the year will exceed last year's overall total of more than 11 million units but are more prone now to admit the possibility of the eventual demise of several of Japan's 11 motor vehicle companies.

In the long run, the number of makers will surely be reduced," said an official at top-ranked Toyota, whose own output fell by 3.8 percent in the first seven months. "In the next 10 or 15 or 20 years, it is inevitable. There is very severe competition, and some makers have to invest too much money in new facilities. It's very difficult for the small makers to obtain so much money."

That view has also been expressed by the president of the second-ranking automaker, Nissan (which has just concluded a pact with Volkswagen to build 60,000 VW Santanas a year in Japan, using components imported from Europe). Takashi Ishihara, who also serves as president of the industry-wide Japan Automobile Manufacturers Association, said bluntly that there were too many manufacturers in Japan. "There are bound to be survivors and those who fail," he told journalists, putting off further questions by remarking, "How they'll be reorganized, I really don't know."

**First Step**

Mr. Ishihara's comments were prompted in part by what appeared as a first step toward the merger of two of Japan's relatively small manufacturers, sixth-ranked Isuzu and seventh-ranked Suzuki. Just the previous day, the two companies had completed a three-sided deal with General Motors, which owns part of Isuzu's stock, for joint production and marketing of 1,000-cubic-centimeter mini-cars. Suzuki, already Japan's largest mini-vehicle manufacturer, would be likely to produce them while GM did most of the marketing overseas.

To industry observers, the most intriguing aspect of the deal was not the proposed new vehicle so

much as the financing under which GM purchased 5.3 percent or approximately \$36.7 million worth of shares in Suzuki. At the same time, Suzuki and Isuzu agreed that each would get 10 million shares in the other company's stock, meaning that Isuzu would own 3.8 percent in Suzuki while Suzuki got 1.3 percent in Isuzu.

Was the agreement, which came as a complete surprise to Suzuki and Isuzu's competitors, a precursor of a series of shifts leading ultimately to a diminution of the competition?

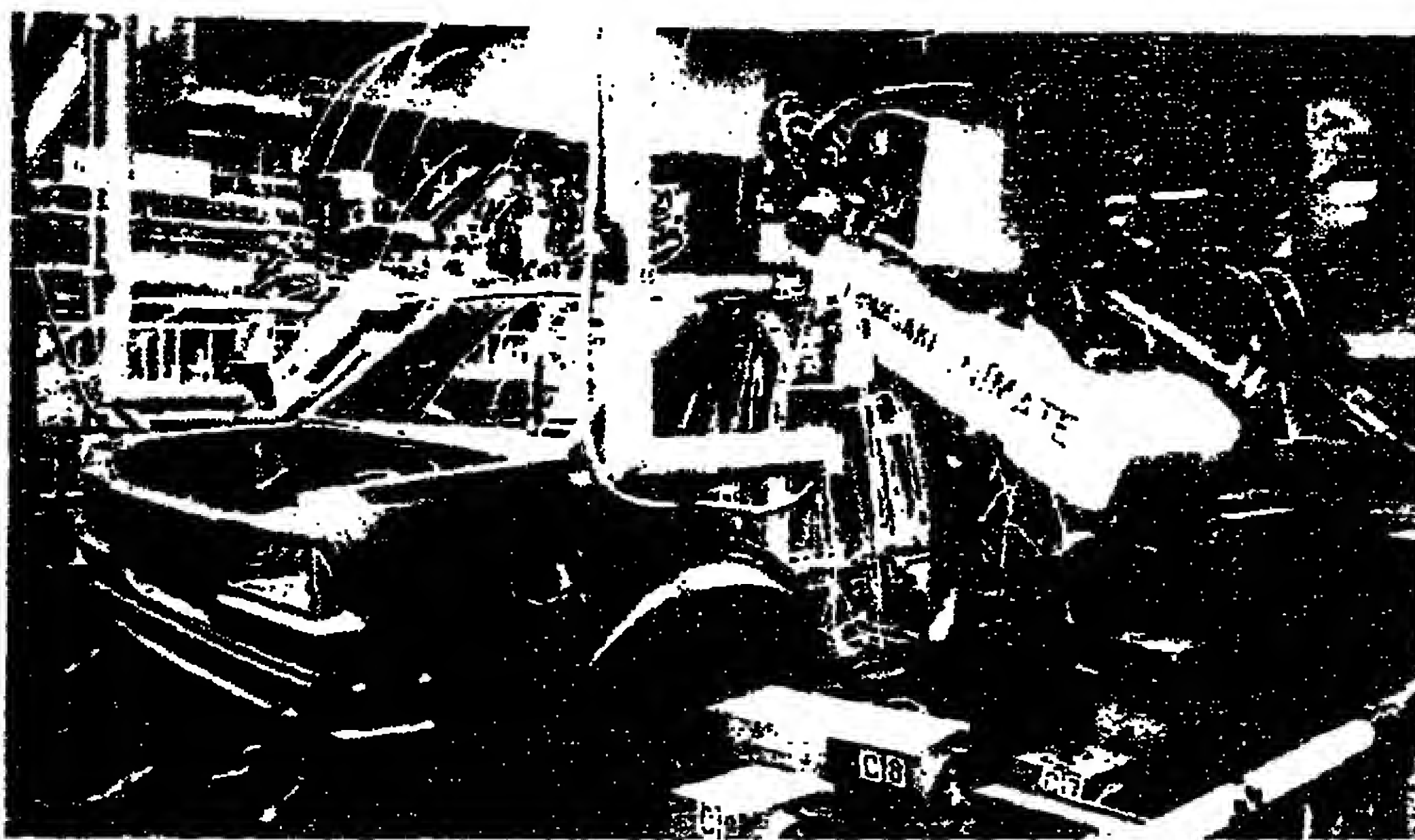
The answer was almost certainly yes, and the proof lay in Nissan's immediate decision to develop its own 1,000-cubic-centimeter vehicles together with ninth-ranked Fuji Heavy Industries, manufacturer of the Subaru. Thus Nissan hoped to combat the threat of a new major contender arising on the world automotive scene as a result of collaboration between GM, still the largest motor vehicle manufacturer, and two companies never viewed previously as serious rivals.

The deal between Nissan and Fuji offered further evidence of the pattern of tightening ties among manufacturers. Nissan and Fuji already are members of the same "group," with Nissan owning 6.7 percent of Fuji's shares, making it the second-largest stockholder after the Industrial Bank of Japan, owner of 7 percent of Fuji's shares.

Nor does the tie-up end there. The Industrial Bank of Japan is Nissan's largest stockholder with 6.7 percent of its shares. Fuji Bank is Nissan's second-largest stockholder with 5.2 percent of the shares, and also is Fuji Heavy Industries' fifth-largest stockholder with 2.7 percent of its shares. Another huge company, Nihon Seimei or Japan Manual Life, is Fuji Heavy Industries' third-largest stockholder with 5.1 percent of its shares, and Nissan's fourth-largest stockholder with 3.8 percent.

The overlapping pattern is enough to make Fuji Heavy Industries an affiliate of Nissan — and to give Nissan control over its affairs. The president of Fuji Heavy Industries, Sadamichi Sasaki, was formerly executive vice president of Nissan, while Managing Director Hirotsuro Kumada formerly managed Nissan's domestic sales.

In fact, on a purely contractual basis, Fuji already manufactures a 1300-cc Sunny coupe under the Nissan name. While reputed for its



LENDING A HAND — A robot assembles auto body sections in a Toyota plant.

success with four-wheel drive vehicles, Fuji's Subaru cars in general bear a less-than-mysterious resemblance to Nissans.

Nissan's intricate relationship with Fuji Heavy Industries parallels Toyota's tie with eighth-ranked Daihatsu, which assembles Toy-

ota's Starlet passenger cars and Life-Ace and Town-Ace trucks and vans, while producing cars and trucks under its own Daihatsu imprimatur.

Toyota and Nissan have similar arrangements, with one company each dedicated solely to trucks and

buses — Toyota is the leading shareholder in Hino, ranked 10th in number of units produced last year, while Nissan controls Nissan Diesel, 11th among Japanese motor vehicle manufacturers. Just after the "Big Two," with no direct relationships with other Japanese motor vehicle manufacturers, are three large companies that appear prosperous now but could suffer in a generation-long struggle for survival.

They are Toyo Kogyo, riding a crest of popularity with its 523 Familia or Mazda Familia series; Mitsubishi Motors, exporting vehicles to the United States under Chrysler names; and Honda, a contender with its Accord and Civic models. Industry sources note that all these companies could face serious problems in a showdown.

Toyo Kogyo, 25-percent owned by the Ford Motor Co., is affiliated with the Sumitomo group, still suffering from the bankruptcy several years ago of a major trading company, Mitsubishi Motors, 15-percent owned by the troubled Chrysler Corp., is a subsidiary of Mitsubishi Heavy Industries, which would suffer in a prolonged energy crisis. Inherent in the system, though, are little-publicized inner relationships. The two largest stockholders in Honda, for instance, are the Mitsubishi Bank and Mitsubishi Trust Bank, on which Mitsubishi Heavy Industries also relies.

So far no one has suggested a merger between Honda and Mitsubishi, but no one has forgotten the words of Mr. Ishihara of Nissan. "It is conceivable," he said, "that some automakers might lose in the competition." — DONALD KIRK

## 'We Should Be Praised...'

THE JAPANESE car owner has marveled in the last two or three years," according to Yoshitada Fujimaki, director of Toyota Automobile Sales Co. This means, he said, that, whereas the Japanese used to regard the automobile as a status symbol, they now consider it to be like *geta*, a pair of wooden clogs that is strictly utilitarian.

As for car exports, resentment remains among Japanese manufacturers over restrictions in shipments to the United States. In talks between U.S. trade officials and the Japanese Ministry of International Trade and Industry (MITI), it was agreed that Japan would limit its automobile exports to the United States in fiscal 1981 to 1.68 million vehicles, down 7 percent from 1,802 million in 1980; increase exports in 1982 by 16.5 percent of the growth of the U.S. automobile market, and continue to regulate exports as necessary in 1983.

On the basis of U.S. government estimates of domestic passenger car sales of 9.5 million units in 1981 and 11 million in 1982 for an increase of 1.5 million units, Japanese exports to the United States in 1982 would be 1.9 million vehicles.

### 'Penalty' Assailed

Japanese companies resent having to pay what they view as a penalty for the failure of the U.S. automobile industry to have switched sooner to producing smaller, fuel-efficient cars. But they are ready for Detroit's transition to smaller vehicles. "We have more experience in building small cars. The success of Japanese cars is their quality and the fact that they require a minimum of maintenance. We are ready to accept the American challenge and make even better cars," Mr. Fujimaki said.

On the subject of U.S. import restrictions, the Toyota executive said: "We should be praised by the Americans for developing the kind of small, economical car that American users want, rather than be penalized for making good products available." — KEN ISHII

## Commanding Lead in Robot Race

By Robert Y. Horiguchi

NOT SO LONG ago, Japan was accused of flooding world markets with goods made by underpaid workers toiling in what were described as sweatshops.

Today, these workers are not only earning as much as, or even more than, their European counterparts but many of them are being freed from hazardous, noisy and repetitious work by mechanical hands.

Industrial robots are penetrating the Japanese manufacturing scene at the rate of about 20,000 a year, with the total number of machines already installed estimated as high as 75,000, more than all other countries put together.

The latest available comparative figures — from a paper presented at the Tenth International Symposium on Industrial Robots held in March of last year in Milan — indicate that by March, 1979, Japan had 47,000 industrial robots installed, against 5,850 in West Germany, 3,325 in the United States, 720 in Poland, 570 in Sweden, 200 in Norway, 185 in Britain and 130 in Finland.

Robots are being put to a multitude of uses, ranging from the casting of aluminum ingots, the rolling of steel bars and the handling of molten carbide, through the welding and machining of metal parts and the counting and checking of medicinal pills, to the manufacture of integrated circuits. A robot is even being used to fatten fish at an experimental fisheries station by feeding them at fixed hours.

### Auto Industry

The use of robots is most widespread in the automobile industry, and this is held to account for the high productivity of the factories, which turn out 45 to 50 cars per worker per year. A BMW worker in West Germany produces only nine cars on the average annually.

What is an industrial robot? The definition varies.

In Japan, the machines are classified into the following types:

- Manual manipulators, which serve as an extension of human hands and are directly operated by a man. They are used in handling heavy materials, in atomic energy and in ocean exploration.
- Fixed and variable sequence robots, which operate in compliance with a set program. Their applications range from machining, forging, the forming of plastic substances and die-casting to assembly.
- Playback and numerically controlled robots, which follow a routine with instructions provided

ed to show a corresponding growth.

Yoshinobu Matsuzaki, who writes about the industry, points out that the Organization for Economic Cooperation and Development has taken up industrial robots for discussion for the first time this year. "This step is reportedly intended to put a brake on the runaway performance of Japan — the 'robot king,'" he said.

Like many industries that today form the mainstay of the Japanese economy, industrial robot manufacturing has its origins in imported technology.

In 1968, Kawasaki Heavy Industries signed a licensing agreement with Unimation of Danbury, Conn., a leading U.S. manufacturer, and launched into production of the "Kawasaki Unimate." In that year, the total domestic production of industrial robots was 200 units and it was not until 1976 that the industry began to show real signs of taking off. Shipments of 7,200 units were recorded that year, followed by 8,600 in 1977, 10,100 the following year and 14,500 in 1979.

Government support for the industry, which had begun in 1978, was sharply increased in 1980. Factories wishing to install industrial robots were provided with the necessary financing by the state-backed Japan Development Bank, which also disbursed money for the establishment of the Japan Robot Leasing Co. This firm, whose original principal shareholders were 24 robot manufacturers and 10 casualty insurance companies, has increased its capital as the result of investments made by seven general leasing companies.

### Undisputed Leadership

In the area of high-performance robots, Japan retains undisputed leadership. Of the 17,500 such machines installed worldwide, 13,000 are in Japan, according to the Harvard International Review.

Industrial robot manufacturing in Japan has grown into a \$3.2-billion industry in which, at the latest count, 135 companies were taking part. It registered a 42-percent growth in sales last year.

Kanji Yonemoto, executive director of the Japan Industrial Robot Association, foresees continued rapid growth, predicting that sales could reach \$12.5 billion by 1985 and exceed \$20 billion at the beginning of the next century.

His forecast is strengthened by the fact that the association's roster reads like a "Who's Who" of big Japanese business, including Kawasaki Heavy Industries, Mitsubishi Heavy Industries, Hitachi, Toshiba, Nippon Electric, Fujitsu and Kobe Steel. Furthermore, industrial robot manufacturing is being pushed by the powerful Ministry of International Trade and Industry, very much in the manner that the domestic computer industry is benefiting from government financial, fiscal and administrative support.

### Export Ratio

The growth of industry threatens to introduce a new element to the trade friction between Japan and other industrialized nations.

Last year, exports of these machines — amounting to \$1.1 billion — accounted for almost 35 percent of total sales, a 30-percent growth from the previous year. As production increases, exports are expected

to show a corresponding growth.

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### Low-Interest Loans

In addition, low-interest loans for the installation of robots were made available to medium and small enterprises, while an accelerated depreciation schedule was applied to industrial robots by high-performance computers.

The price of industrial robots ranges from about \$40,000 to \$100,000, depending on the function they provide. The playback types are among the least expensive.

Japanese labor unions so far have not opposed the introduction of robots. In the motor industry, they have welcomed the machines in the painting shops where atmospheric pollution is high. Workers who used to be assigned to the spot welding process are also pleased at having been relieved from carrying out a simple, repetitive chore.

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- European Economic Community, US \$ 70,000,000 (1980-1995)
- European Economic Community, US \$ 26,000,000 (1980-1985)
- CIT-Alcatel, FF 150,000,000 (1980-1990 conv.)
- Renault, FF 300,000,000 (1980-1985)
- CII-Honeywell Bull, FF 225,000,000 (1980-1985)
- La Redoute, FF 125,000,000 (1980-1985)
- Gaz de France, US \$ 80,000,000 (1981-1986)
- E.D.F., US \$ 125,000,000 (1981-1988)
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## Overseas Investments Drop — Temporarily

But the drive to North America continues:  
Japanese industry now controls wholly or in part 225 U.S. manufacturing companies...

**POLITICAL UNCERTAINTY** and inflation in Latin America put a damper last year on Japanese overseas investments. They dropped 6 percent to \$4.693 billion worldwide after peaking to \$4.995 billion in 1979.

Capital flows to Central and South America registered a 51.3-percent decrease from the previous year. Investments in the Pacific Basin also were 23 percent lower.

These reductions, however, were compensated in part by an 11-percent growth in investments in North America, to \$1.596 billion, a 16.8-percent increase to \$578 million in Europe and a 21.5-percent boost to \$1.186 billion in Asia. This brought aggregate Japanese investments abroad from 1951 — when the economic boom brought about by the Korean War allowed the country for the first time since World War II to divert capital funds overseas — to the end of the 1980 fiscal year, on March 31, to \$36.497 billion.

According to the Japan External Trade Organization, the nation ranks fifth as an investor among the industrially developed countries.

### Temporary Drop

The drop in overseas investments last year is likely to be only temporary. A recent survey of 346 leading companies by the Nihon Keizai Shimbun, the major economic daily, shows that these firms together intend to invest abroad 3.1 percent more this year than they did in 1980.

Among them, the Kawasaki Steel Corp. is planning a seven-fold increase of its investments, amounting to about \$266 million, in the Tubarao steel mill, a joint venture in Brazil.

Seiki Tozaki, president of C. Itoh & Co., one of the major trading companies, said, "Investments abroad are part of our global strategy for survival. We must cope with our loss of competitiveness brought about mainly by the higher cost of raw materials, including fuel."

Akira Ueno, senior researcher of the Nomura Research Institute, advocated in a recently published book that Japan enhance its position and secure its future prosperity through investment overseas instead of as a trading nation. By so doing, he argued, Japan will be able to reduce the trade friction with the United States and Eu-

rope, especially if such investments are directed to industrialized nations.

Asia has been the prime area where Japanese capital has flowed in the last 30 years. Investments there during that period were \$9.83 billion, or 26.9 percent of the total. North America came a close second with \$9.789 billion, or 26.8 percent. For other regions, investment amounts and ratios were as follows: Latin America, \$6.618 billion (16.9 percent); Europe, \$4.471 billion (12.3 percent); the Pacific Basin, \$2.525 billion (6.9 percent); the Middle East, \$2.259 billion (6.2 percent); and Africa, \$1.445 billion (4 percent).

By country, the heaviest investments were made in the United States. These have amounted to \$8.878 billion, or 24.3 percent of the total. Indonesia, with \$4.424 billion (12.1 percent), was second, after which came Brazil with \$2.908 billion (8 percent), Australia with \$2.165 billion (5.9 percent) and Britain with \$2.009 billion (5.5 percent).

In the last fiscal year, the capital flow to North America constituted 34 percent of the total — 31.6 percent went to the United States. Europe ranked fourth with 12.3 percent after Asia (25 percent) and Latin America (12.5 percent). Shares for the Pacific Basin, the Middle East and Africa were 9.5 percent, 3.4 percent and 3 percent, respectively.

In its analysis of these annual figures, the Finance Ministry pointed out that investments in manufacturing industries amounted to \$1.706 billion for a 0.8-percent increase, while those in mining dropped 34.1 percent, or \$365 million, against the year before.

Mining, however, has been the industry into which Japan, poor in natural resources, has made the largest proportion of overseas investments in order to secure raw materials. The aggregate amount of capital exported for this purpose in the last 30 years stands at \$7.071 billion, or 19.4 percent of total investments.

This is followed by \$5,409 billion for commerce (14.8 percent); \$2,626 billion for chemical industries and \$2,619 billion for steel and non-ferrous metal mills (total at about 7.2 percent); \$2,426 billion (6.6 percent) for banking and insurance; and \$1,637 billion (4.5 percent) for textile undertakings.

Real estate purchases abroad by Japanese were relatively small, amounting to only \$962 million in 30 years, or 2.6 percent of total overseas investments. Capital outlays for agricultural and forestry undertakings at \$609 million were still smaller, 1.7 percent of the aggregate amount.

Japanese electronics companies have invested heavily in the United States to build or acquire color television manufacturing plants in order to meet restrictions on imports of such products by Washington in the late 1970s. Similar steps have been taken in Europe by some Japanese manufacturers. This brought Japanese investments in electronic equipment production overseas to an aggregate of \$1,579 billion, that is, 4.3 percent of the capital outflow.

### 225 U.S. Firms

This Japanese penetration of the U.S. industrial scene was not limited to the manufacturing of television sets. The Washington-based Japan Economic Institute, a Tokyo-financed organization, has reported that Japanese industry now controls wholly or in part 225 U.S. manufacturing companies operating in 42 states, with a combined work force of 60,000.

Among these are five plants manufacturing bearings, four involved in producing semiconductor and 14 that take advantage of less expensive industrial and agricultural raw materials and lower-priced petroleum derivatives. There are also six sawmills, four factories turning out "instant noodles," two producing soy sauce and two sake breweries.

In Europe, the penetration is more diffuse. Japanese companies are manufacturing color television

sets in Britain, roller bearings in West Germany and Britain, semi-conductors in Ireland and four polyethylene sheets used as packing material in the Netherlands and Britain. They are assembling numerically-controlled lathes in Belgium.

Agreements have been concluded for the production of passenger cars between Japan's Honda and Britain's B.L. Ltd., and between Nissan and the Italian state-owned Alfa Romeo. Other joint ventures include the production of lysine, an amino acid used in raising cattle in France, and of computers and motorcycles in Spain.

### Existing Companies

Asahi Glass, setting a rare example of beginning operations in Europe by acquiring existing companies, recently gained 80-percent control of two subsidiaries of the French BSN Group's Danone conglomerate. These are the Melle and Glasbeek of Melle in Belgium and Glasbeek in the Netherlands. Through these acquisitions, Asahi Glass, which already has 11 subsidiaries in the United States and Southeast Asia, is expected to secure a 3-percent to 4-percent share of the European Economic Community market and become the third-ranking glass manufacturer in the EEC.

As disinvestment grows about the investment climate in the Middle East, China and some developing countries, the flow of Japanese capital to industrialized countries is expected to increase in the coming years, with emphasis on resources development. This includes chemicals and electronics.

The Iranian revolution and the subsequent Iranian-Iraq war, which has put a \$3-billion petrochemical plant project in Iraq in jeopardy, brought home to Japanese investors the risks involved in investing in a politically volatile Middle East. The plant, jointly financed by Japan and Iraq, was 80-percent completed when the late Shah, Mohammad Reza Pahlavi, was overthrown. Work was resumed after the revolution but was again suspended with the outbreak of the Gulf war. A collapse of the project would compel Mitsui & Co. to write off an \$800-million loss.

The enthusiasm of Japanese...

(Continued on Page 129)

## Stock Market Shows Steadiness, Reliability

**Special to the IHT**  
WITH THE rise to prominence of Japan's industrial machine, the nation's capital markets are expected to be extremely active in the next decade.

There is a saying in Japan that, "when Wall Street sneezes, the Tokyo Stock Exchange catches a cold." But in recent months, the Tokyo Stock Exchange shows signs of much steeper and more reliable strength than Wall Street's.

While Wall Street continues to linger in the doldrums caused by record high interest rates, share prices in Tokyo are near their record high. And there is every reason to believe that they will continue to appreciate rapidly during the rest of the decade.

### Record Surplus

A key reason is the growing appreciation among foreigners that the Japanese economy is in many ways the strongest in the industrial world. That appreciation has led foreigners — in particular, dollar-rich oil exporters — to invest bil-

ions of dollars in the Tokyo market.

Net buying of Japanese stocks by nonresidents (foreigners) in the last fiscal year, ending March 31, reached a record surplus of \$6.1 billion. Finance Ministry officials estimate that about half of those funds came from the oil-producing countries.

The bulk of the foreign funds reaching Japan have been concentrated in those high-technology stocks that are the nation's strengths: the consumer electronics firms (Matsushita, Sony), industrial electronics giants (Hitachi, Toshiba) and such smaller electronics-related firms as Hitachi Maxell, Casio Computer and Kyoto Ceramic Co.

Already, even some pension money from major U.S. companies — known for their conservative approach to investment — has been moving into the Japanese market. Toward the end of last year, United Technologies Corp. invested some money into Japanese stocks and was followed soon afterward by General Electric.

The rising interest in Japanese stocks has opened doors for Japanese firms in the United States. Nomura Securities became the first Japanese securities house to gain a seat on the New York Stock Exchange in July, while numerous U.S. securities houses are believed anxious to open full-fledged offices in Japan. Only a few are operating now.

### A Saudi Role?

Even more exciting, in the near future, is the prospect that the world's richest oil-producing nation, Saudi Arabia, is about to enter the Japanese stock market — and in a big way.

The Saudis — unlike the Kuwaitis — have been sitting on the sidelines in Japan. Although they pumped billions into government securities — a safe bet — they have been reluctant to speculate in stocks. But, beginning in mid-March, these were rumors in Europe that the Saudis had invested \$2 billion in the Japanese stock market and that more was to follow.

Those rumors have yet to be proven. Part of the problem is the assured secrecy between any purchaser of stocks and his broker. It may be years after the Saudis actually invest in Japanese stocks before such investments can be proved. Yet, considering that Saudi Arabia has been carrying an estimated \$2 billion a week from oil revenues, most Japanese analysts consider the Saudi investment in Japanese stocks inevitable. The Saudis have been managing a staggering worldwide portfolio, worth more than \$90 billion, most of it in U.S. Treasury notes.

Any Saudi move into Japanese stocks will please many investors in Tokyo and elsewhere around the world — the volume of money the Saudis have at their disposal could easily lead to a rally that would dwarf the progress made to date. Still, others would not be entirely pleased to see the Saudis enter the Japanese market in full force because of fears that the Saudis would try eventually to exert influence over corporate decision-making.

### Restrictions Lifted

With the liberalization of foreign exchange legislation last winter, Japanese firms were no longer restricted to a 25-percent limit on foreign ownership. Some firms, such as Hitachi and Sony, have opted to increase the percentage of their shares that are open to foreigners.

Tokyo analysts believe it highly unlikely that Saudis, or other foreign investors, would buy more than a small percentage of the outstanding stock of any major corporation. And even if they did, they would be highly unlikely to purchase a controlling interest in any one firm. Moreover, the Arabs themselves have been quick to argue that their interest in investing is limited to the long-term appreciation they expect.

How can foreigners take advantage of the Tokyo stock market boom? It is not necessary to travel to Japan to purchase stock, or even to travel to the local representative of a Japanese brokerage house. Several of the larger companies on the Tokyo exchange issue "depository receipts" on foreign stock markets that are equivalent to their shares on the Tokyo market.

That means that, without changing European or U.S. currency into yen, the foreign purchaser can buy Japanese stock on his own market, and the price of each share of stock will rise and fall with fluctuations in its yen price in Tokyo.

Another advantage of buying stocks at home is that Tokyo stock brokers are notorious for their high-handed manner with foreign investors. Europeans and Americans who have tried their hand in the Tokyo market frequently complain that they were misled — and even cheated. Yet there is at least one major reason why such people keep coming back to direct dealings in Tokyo: Traders need not pay capital gains tax on earnings made there. Given the high price elsewhere, which make stock market ventures frustrating, the appeal of Tokyo is likely to continue.

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# Overseas Investments Drop — Temporarily

(Continued from Page 125)

businessmen about investing in ASEAN, the Japanese government, through its premier, Zenko Suzuki, has asked for guarantees from the five nations for the protection of Japanese property, remittance transfers and compensation for private investors for losses from nationalization, expropriation or political disturbances. This request, patterned after an agreement concluded between Japan and Egypt about 10 years ago, reportedly did not please the ASEAN leaders when they met the Japanese premier on his recent visit to the region.

**Aluminum Production**  
In resources development, one of the major Japanese efforts is in the aluminum field. Refining the metal calls for large quantities of electricity which, in Japan, is generated to a large extent by burning high-priced oil.

Joint ventures for aluminum production, with Japanese funding in the projects ranging from 25 percent to 75 percent, have been established in New Zealand, Canada, Venezuela, Indonesia, Brazil, the United States and Australia. A major one is the Asahan project in Indonesia, with an initial capital investment of \$64 million, which is scheduled to go on stream in April of next year to produce 230,000 tons a year.

Another big project, which will tap the hydraulic power of the Amazon to generate electricity, calls for a Japanese investment of \$772 million, of which 40 percent will be provided by the government and the rest by a consortium of 30 companies. If completed in 1983, as scheduled, the plant will have an annual output of 320,000 tons of finished aluminum.

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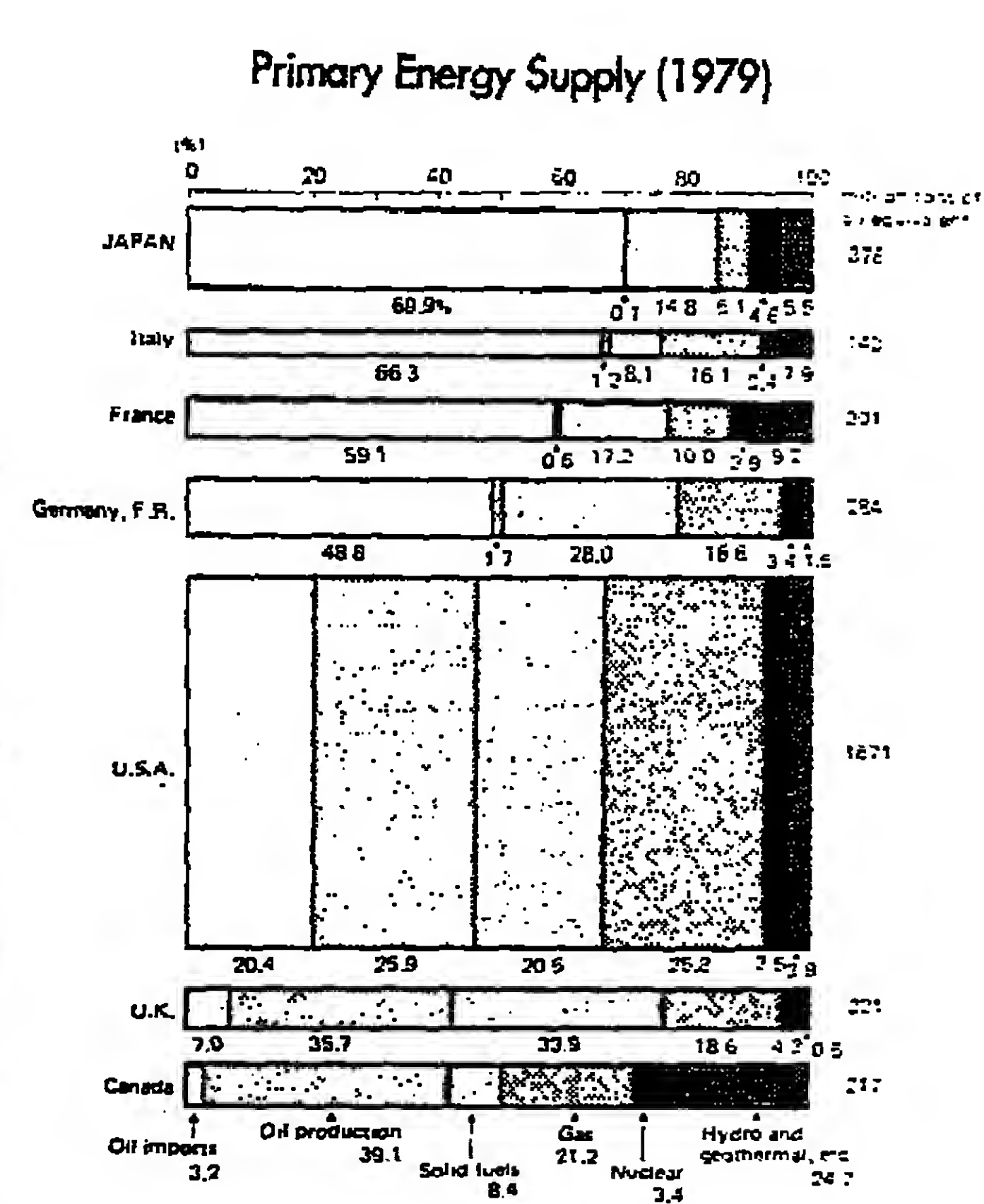
# Energy: Dramatic Progress

**THE NATION'S** mighty industrial machine is carrying out a revolution in energy that recalls its recovery from World War II. This time, it was war in the Middle East in 1973 that triggered a highly disciplined program of conservation of energy and of conversion from oil to other sources. Suspension of oil shipments from the Middle East in 1973, drastic rises in the price of oil and, finally, the second oil crisis of 1979 reminded all Japanese of the potential for national disaster inherent in reliance upon imported fuel.

The most dramatic result of the unified attack is that the leading industries, notably iron and steel, consumers of 16 percent of the energy supply, are converting from oil to coking and steaming coal at a much faster rate than was anticipated. In the last fiscal year, ending on March 31, oil consumption declined by 10.1 percent while the gross national product increased by 3.8 percent.

The overall figures since 1973 are more impressive still. While the GNP climbed 35 percent, energy consumption rose by only 15 percent and the use of oil actually went down by 8 percent. The savings in oil exceeded some of the wildest expectations — the Ministry of International Trade and Industry forecast a need for 291 kiloliters for the 1980 calendar year only to note at the dawn of 1981 that the nation had survived on oil imports of 249 kiloliters.

Even before the onset of the oil crisis, according to a report prepared by Japan's Institute of Energy Economics, "Japan's steel industry was unsurpassed among its



counterparts overseas in terms of economical use of energy." The report cited the fuel efficiency of Japanese blast furnaces, by now dependent entirely on coking coal rather than oil, as among the best in the world. Startlingly enough, the report credited the iron and steel industry with having avoided any major commitments of funds in efforts at saving energy. "Many measures have required virtually no outlays, such as the improvement of controls and the rationalization of operations," it said. "Other measures have necessitated plant and equipment investments but with the understanding that they would bring immediate results and allow the investments to be recouped in a few years."

**43-Percent Drop**  
Continuous casting has won still wider acceptance. More than half the nation's steel industry has converted to the system under which

slabs emerge from molten steel in a single extended process without high-energy-consuming interruptions. "As a result of all energy conservation measures," the Institute of Energy Economics report said, "there was a 10-percent improvement in the energy consumption rate per ton of crude steel between 1973 and 1979" despite the extra consumption of energy by anti-pollution devices. By 1980, according to a study by the MITI, the amount of petroleum consumed per unit in the entire iron and steel industry was down to 43 percent of the figure for 1973.

Every other major Japanese industry has recorded significant decreases in the use of oil, with cement leading by reducing unit consumption to 32 percent of the 1973 level. The key to success in cement has been the development of kilns featuring what is called a new suspension pre-heating system that not only employs a preliminary combustion furnace but also recycles gases.

Perhaps still more important, as an omen for the future, is the decline of more than 17 percent since 1973 in the amount of oil used per unit in the chemical industry, second only to iron and steel in energy consumption. The cost, however, has been high — nearly \$300 million for what are described as

comparatively small-scale measures, such as the recovery of waste heat, with far more than that needed to achieve the success in other industries.

The question now is how quickly Japan can develop alternative sources to oil, still used for 70 percent of energy needs. "Coal and new energy sources emerge as the most efficacious alternatives," said Takao Tomitate, director of the Institute of Energy Economics' research division, in a paper on energy supply options for the 1980s, but he added that "the first stage for conversion to coal is already coming close to an end this year, amid doubts about the instability of imported coal supplies and price fluctuations."

**Next Stage**  
Not until the mid-1980s, he said, can Japan expect to enter the next stage of its energy revolution. By then the country will have begun construction of coal-powered generation plants, should have completed more nuclear power plants and may have increased imports of liquefied natural gas.

Nonetheless, researchers at the Institute of Energy Economics, supported by industry, do not back the roseate predictions of the MITI for reducing reliance on oil to 50 percent of overall requirements by 1990. "MITI reflects the political needs of the government," an IEE economist said. "The government is too optimistic for political reasons."

One problem, for instance, could be nuclear power, which now generates 12 percent of Japan's electricity or 5 percent of its total energy supply. Only 17 of the country's 22 reactors are now in operation, with 11 under construction. The furor surrounding the discovery in April of a leak of nuclear fuel at the plant in Tsuruga on the Sea of Japan may discourage officials from reopening it in the near future, and the net impact of anti-nuclear pressure could be to delay or compromise plans for nuclear power as the source of 10.9 percent of energy needs by 1990.

**Diversifying Sources**  
The institute also warned against excessive hopes for coal liquefaction as an alternative. "If you take into account the fact that the cooperative international project for coal liquefaction involving Japan, the U.S. and West Germany has collapsed," Mr. Tomitate said, "plans for the importation of liquefied coal can be disregarded until 1990."

In view of such difficulties, Mr. Tomitate urged not only greater efforts at saving energy but also attempts at diversifying the sources

of oil and contributing to stability among oil-producing countries by increasing economic cooperation. He also said that Japan should more actively cooperate with the advanced countries in building emergency energy supplies and conducting research.

The government for its part could cite a range of guidelines issued late last year beginning with one telling electrical power companies to build plants dependent on sources other than oil. Another guideline called for an end to the construction of oil-fueled public utilities, and a third encouraged new electricity sources such as photovoltaic cells. Then, too, the government directly subsidized new research while offering large tax deductions and accelerated depreciation schemes along with low-

interest loans for the purchase of energy-saving equipment — all well-established techniques in Japan for inducing conservative business leaders to agree to radical changes.

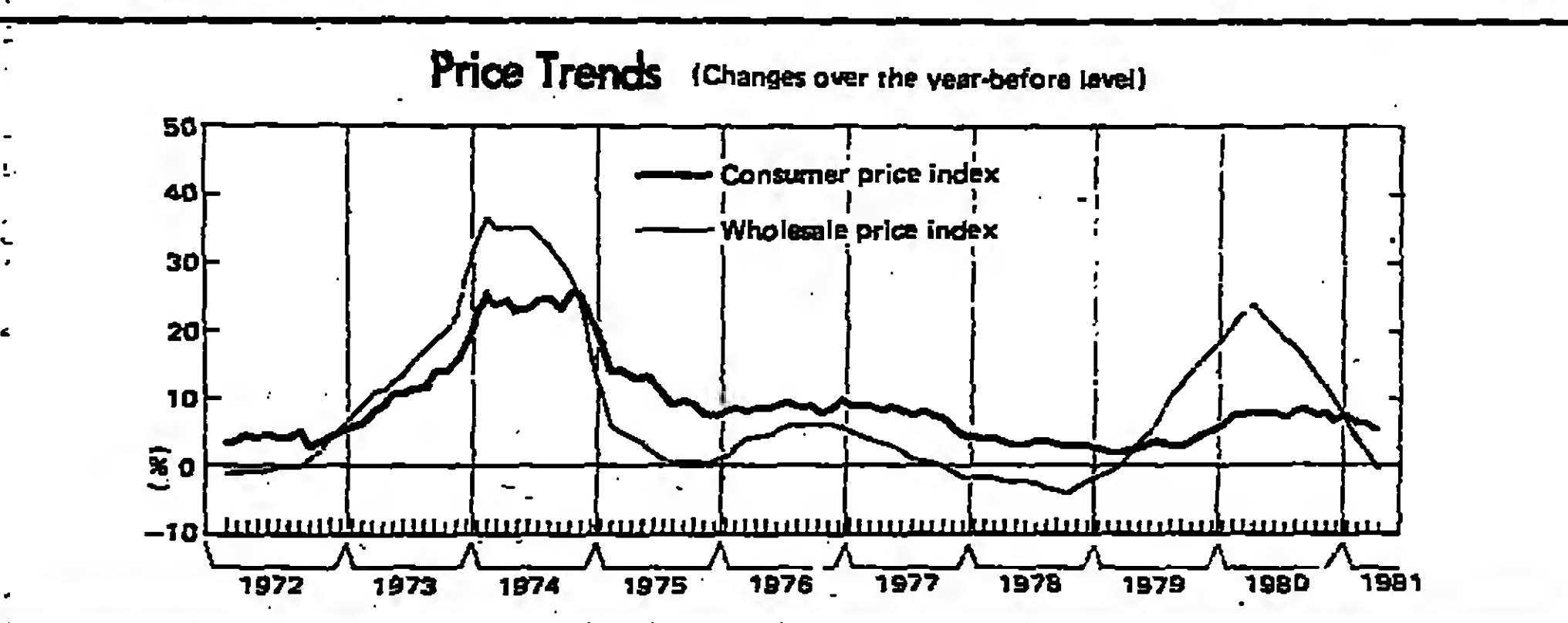
At the same time, the government urged citizens to cut down on driving, turn down air conditioners, and heaters, turn out some of the bright lights in the nightclub districts and shut off elevators. "Some of those rules don't save much energy," an economist quipped. "They spend more energy on publicizing them." There is no denying, however, the benefits of public awareness. "These rules have a psychological effect," the economist said. "Everybody participates. That is how we can be sure of full cooperation and support."

— DONALD KIRK

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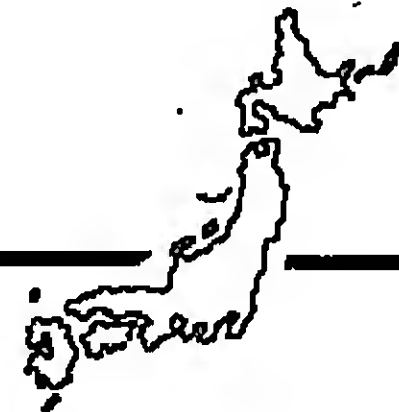
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# Japan and the EEC: An Uneasy Relationship Worsens

By Robert Y. Horiguchi

AS JAPAN'S trade surplus with the European Economic Community threatens to rise to a record \$15 billion this year, their relationship is steadily worsening. "If Japan wants to continue to export, she must import more," said a ranking officer of the 10-nation European group's delegation in Japan. "A step must be put to the present one-way street in trade. If not, protectionism will become inevitable."

The worsening problem in the commercial relations between Japan and the EEC is a combination of the large EEC trade deficit with Japan, the concentration and growth of Japanese exports to sensitive sectors of the European economy, and the limited access to the Japanese market for EEC exports.

The trade deficit has been growing steadily from \$1.3 billion in 1973 to \$11 billion last year as Japanese exports of automobiles, color television sets and tubes as well

as numerically-controlled machine tools continue to flow in what EEC critics term torrential proportions. The volume of Japanese exports to West Germany last year rose almost 50 percent for cars and well over 100 percent for television sets, for example.

### European Criticism

Joern Keck, first secretary of the Commission of the European Communities Delegation in Tokyo, said that "Japan's poor propensity to import manufactured and processed goods, particularly in sectors where Europeans are competitive," is exacerbating this situation. He pointed out that Japan's worldwide imports of manufactured goods last year accounted for only 22 percent of its total imports. In the first five months of this year, the ratio fell to 20.7 percent. The comparable average figure for EEC countries, he added, is 45 percent.

This situation, "reinforced by current very grave economic and social problems in Europe, com-

bines to make an explosive chemical mixture that is increasingly difficult to keep safe," he said, adding that the prevailing economic situation in Europe was acting as a catalyst to harden protectionist sentiment stimulated by these trade problems.

Japanese authorities, led by Premier Zenko Suzuki, say it is a myth that the Japanese market is closed to foreign manufactured products. They point out that Japan respects its obligations within the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development and other international agreements. They say that the nation's success in world markets is strictly the result of its international competitiveness.

Nevertheless, Japanese trade practices may not always match the criteria of other nations in interpreting "free trade" — which Japan vociferously advocates, especially when it gives its products continued access to foreign markets.

An official of the Ministry of International Trade and Industry (MITI) expressed relief that the Montebello economic summit meeting communiqué had not "openly criticized" Japan's foreign trade policies as being unfair. But, with careful, oblique diplomatic phrasing, the communiqué issued after the meeting in July in Canada did acknowledge that the Seven "need to take into account the effects on others of the policies we pursue."

If Japan thus got off the hook, it had to concur with the declaration made by the conferees that "we will keep under close review the role played by our countries in the smooth functioning of the multilateral trade system with a view to ensuring maximum openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT."

An MITI spokesman commented that this statement would obligate Japan to set any new trade policy measures, promptly

adding, however, that Japan "is morally bound to increase imports of manufactured goods and further liberalize its domestic market" in view of the summit meeting's renewed commitment to the free trade system.

So Japan's export drive continues. Exports in June were up 17.8 percent from a year ago, at \$12.59 billion, for a \$5.5-billion trade account surplus that put the current account in the black for \$2 billion in the first six months of the year. The government had earlier forecast a \$6.5-billion deficit in the current account for the entire year. In the first six months of the year, exports to the EEC rose 25 percent to \$17 billion.

Business leaders wonder why Europe's performance vis-a-vis Japan has been worse than that of the United States.

### Agricultural Products

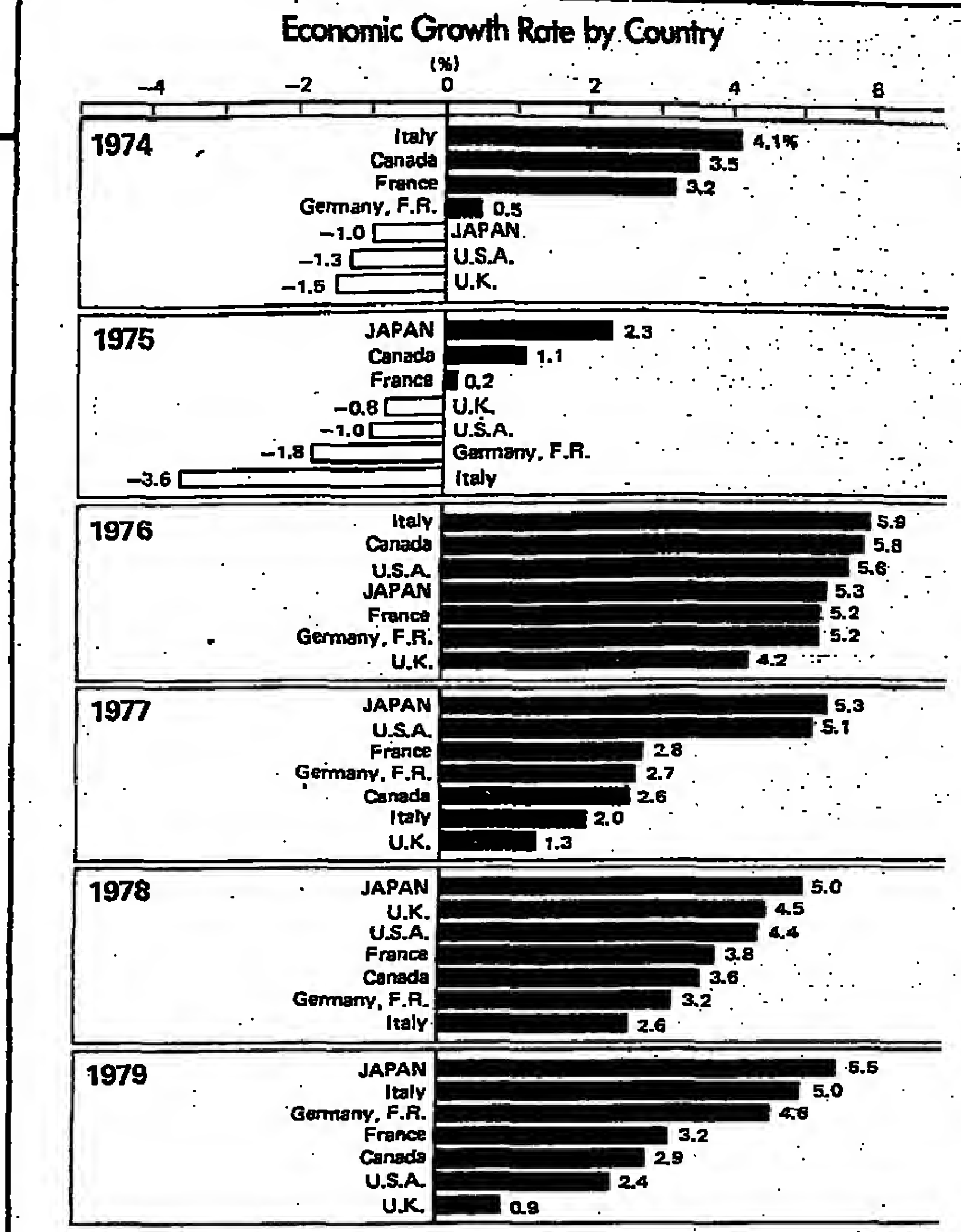
One reason is that the United States has had a very successful record exporting agricultural commodities to Japan — a performance that has helped to offset a substantial portion of its deficit in industrial trade. During the last three years, U.S. agricultural exports have expanded at a pace of almost \$1 billion a year, passing the \$4-billion mark in 1978, the \$5-billion mark in 1979 and the \$6-billion mark in 1980.

Much of the increase in 1980 resulted from substantially larger shipments of U.S. corn (up 18 percent in volume and 36 percent in value) and other feed components. Other gains are expected in Japanese demand for feed grains and soybeans.

Although the Japanese have only grudgingly opened up certain protected markets — such as citrus fruit and beef — and trade there remains small, U.S. exporters in other agricultural products are enjoying booming sales in response to rapid changes in Japanese tastes.

Both European and U.S. agricultural exporters are benefiting from Japan's increasing dependence on imported foods, but in this vital area the United States has more efficient economies of scale. There is no major European product that has the inelastic, unchanging demand of U.S. grains in the Japanese market, because none is so nearly essential.

A second reason is much less willingly acknowledged by either U.S. or Japanese officials. This is the complex but unavoidable influence of the United States' special relationship with Japan. Whereas the EEC and Japan are vital trading and defense partners with the United States, they can very well do without each other on defense matters. Knowing ultimately that Japan's security depends on its relationship with the United States, U.S. leaders have been able to pressure the Japanese for at least a bit more "self-restraint" in their trade with the United States.



A third vital factor is the serious division among EEC members, who often seek above all to protect their own national interests. There have been serious problems reaching a consensus on European policy toward Japan.

### Dismantling Tariffs

Long a citadel of protectionism, Japan, under pressure from foreign governments, began dismantling tariffs and quotas in the 1970s. With the removal of formal restrictions against imports and foreign capital inflows, the market is today technically as open to foreign sellers as the United States and European markets. But foreign businessmen in Tokyo say that their penetration of the market is still hampered by an array of invisible barriers, ranging from very strict quality specifications to a domestic distribution system of impenetrable complexity.

Businessmen also cite what they call cultural inhibitions, notably the vertical-horizontal links of conglomerate industrial and commercial groups, with banks at their core, who maintain business ties of an almost familial closeness. Through their trading house branches, these groups dominate the country's import, export and domestic trade. This tends to impose tight limits on the importation of any product that can be produced in Japan, even if less efficiently, foreign businessmen say.

When the agreements reached under the Tokyo Round of multilateral trade negotiations are in

place, Japan's average across-the-board tariff will be 3 percent, against just below 5 percent for the EEC. "But the Japanese average tariff," Mr. Keck said, "conceals a number of high peaks covering sectors of major interest to the EC, such as dairy products, biscuits and confectionery, subject to a 35- to 38-percent levy, or whiskey that is taxed at 68 percent." In contrast, he said, "the EEC tariff is much more homogeneous and therefore, in practice, more liberal."

As to quota restrictions, he conceded that the 27 Japanese quotas now in effect were quantitatively fewer than the 74 quotas, covering 51 products, imposed by individual EEC member states on items of interest to Japan. But, he said, "there still exist non-tariff barriers attributable to the Japanese government. These include abnormally strict public health, environmental and plant sanitary regulations, which deliberately or by mischance keep out, obstruct or delay the entry of competitive EC products such as pharmaceuticals, agricultural chemicals, certain electrical appliances and flower bulbs."

He added that 70 percent of the Japanese industrial standards differ from international norms. This rises to 90 percent when it comes to standards for electrical equipment.

Other examples of non-tariff barriers abound. Foreign importers of beauty products complain that it is difficult for them to find out which cosmetic substances the authorities will permit on the mar-

ket. Finished leather goods also are strongly protected. The annual shoe import quota, which has never been made public, is believed in trading circles to be 400,000 pairs a year. Furthermore, leather carries a 20-percent import duty. Traders believe that the market could absorb 2 million pairs of imported shoes annually.

Foreign cigarettes can only be found in 14,000 of the 250,000 tobacco outlets. The Japan Tobacco and Salt Monopoly — euphemistically named the Japan Tobacco Corp. for foreign but not domestic consumption — has ruled that each outlet selling foreign tobacco must have a certain capital and must be located where there is a definite number of potential customers. The monopoly contends that such rules keep outlets from going bankrupt, but of course it has a vested interest in selling domestically made cigarettes.

Japanese officials and businessmen contend that foreign sellers do not try hard enough to crack the market. They say that foreigners do not study the market sufficiently, offer products that are unsuitable for the average Japanese consumer (for instance, by being too large to fit into an average home), fail to meet the quality standards demanded by local buyers and fail to match Japanese competition in areas such as design, delivery and after-sales service.

Mr. Keck disputes this, pointing out that, while Japanese had about 30 years to install itself abroad, adjust its products and establish distribution channels, Japan's protectionist walls effectively barred foreign businessmen up to five or six years ago from taking similar steps.

A pamphlet issued by the Japan Foreign Press Center, an office within the Foreign Office, said: "In Europe, foreign trade is often little more than an extension of domestic marketing, but in Japan, isolated from the rest of the world for three centuries until after the mid-19th century, foreign trade initially was a very special kind of trading, and foreign products were in their own separate class — high quality, high prices and unusual.... Such circumstances are not usually unrelated to the oft-criticized Japanese practice of conspicuous price markups for imports."

As evidence of this aversion to foreign-made goods, Japanese sources cite the recent collapse of the 3-year-old World Import Mart in Tokyo because of a lack of customers. The Mart, a showpiece of imported goods, occupied the top floors of an 11-story building on the former site of the Sugamo Prison, where Japan's war criminals were hanged during the Allied occupation. Prodded by the government to show their interest in stimulating the sale of imported goods, the Mitsubishi Corp., Mitsu & Co. and Mitsuokoshi, a leading department store, had participated in financing the project.

Signs of self-confidence abound nowadays in the Japanese establishment, partly because the average growth rate has been 4.1 percent in the years after the 1973 oil crisis, against Britain's 2.3 percent, West Germany's 2.5 percent and France's 3.4 percent, because inflation has been held to a one-digit level and because unemployment has been at a minimal 2 percent. At times, this self-confidence seems to be arrogance. In a recent luncheon address at the Foreign Correspondents' Club of Tokyo, Masaya Miyoshi, managing director of the Keidanren, the powerful Federation of Japanese Economic Associations, went so far as to suggest that European companies should stay home rather than try to penetrate the Japanese market and fail.

On the other hand, government leaders — aware that a Japan-EEC trade war would irreparably damage the image of the free economic system in the eyes of the developing world, and thus lessen Western influence — are taking steps to defuse the situation. A major move was the meetings in June in Brussels between Premier Suzuki and the minister for international trade and industry, Rokuseki Tanaka, and European Commission President Gaston Thorn.

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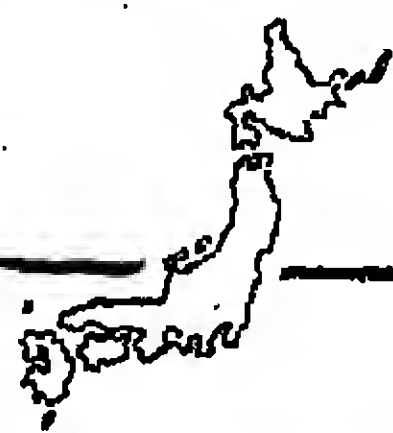
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LOADED — A transport truck passes Nissan cars at a Yokosuka port. The vehicles are for export to the United States.

## Industry Expands International Cooperation

**DURING THE** last few months, the Japanese government and industry — prodded by the United States and the European Economic Community — have begun to accelerate technological and industrial cooperation with the West because of friction over Japan's exports.

Premier Zenko Suzuki's 13-day visit to six West European nations, coupled with his pledge to promote industrial cooperation to help rehabilitate ailing European industries, represents a major step in setting a new course for Japanese-EEC relations.

"In the past," said a government official who accompanied the premier to Europe, "Japanese enterprises were almost exclusive importers of technology. But now it's time, perhaps, for us to export some of this technology, particularly in the areas of electronics, integrated circuits, electro-mechanics and data communication." With respect to stepping up investments to the EEC to assist in economic recovery, he said: "Certainly we are going to invest in European countries to help with their job opportunities and modernize their industries. They presently need more high technology and know-how."

### Steel Industry

Industrial cooperation is likely to take many forms — from technical tie-ups and interchange of investment to the establishment of local production bases — and is likely to affect virtually all industries. In the steel industry, for instance, Hitachi Ltd. has within the last year concluded contracts with Schloemann-Siemag A.G. and Mannesmann-Demag A.G. of West Germany to supply technological know-how on cold steel rolling processes that it developed jointly with Nippon Steel Corp.

More recently, Nippon Steel, Japan's leading steelmaker, entered into a technological cooperation agreement with the state-owned British Steel Corp., which has financial problems. The Japanese firm, which is to assist British Steel in its rehabilitation, is expected to extend aid in all sectors of the steel division.

In the controversial automobile sector, Japan is very pleased with the cooperative arrangement reached late last year between Honda Motor Co. and BL Ltd. (formerly British Leyland), and Nissan's plan to set up an assembly facility in Britain. Under the agreement with Honda, BL will introduce a new, medium-size model — the Aclain — in October. The Aclain will be designed along the lines of the Honda Ballade and will be fitted with a 1,325-cubic-centimeter Honda engine and a transmission from Japan. The struggling BL has already set an annual production target of 85,000 units and is currently investing a reported \$140 million to renovate its Cowley factory.

In another potential trouble spot, semiconductors, a number of Japan's leading chip manufacturers have either opened or taken steps to open production subsidiaries in Europe in anticipation of future trade friction because of rapidly increasing exports. Hitachi, through its European subsidiary, Hitachi Semiconductor (Europe) GmbH, began operations last December in Landslut, West Germany.

The Hitachi venture was followed in February by the start-up of Fujitsu Microelectronics Ireland Ltd. in Dublin and the announcement by the Nippon Electric Co. (NEC) that it will go ahead with a plan to build a second European plant. NEC Semiconductors (U.K.) Ltd., in Scotland. When the facility becomes operational next April, Japan's leading producer of semiconductors hopes to increase its share of the total European market to 7 percent or 8 percent.

### Integrated Circuits

Looking to the future, the government is reportedly considering proposing the joint development and licensing of sophisticated computers and very high-speed integrated circuits with both U.S. and European concerns. While European firms generally are considered to be somewhat behind the likes of Texas Instruments, International Business Machines, NEC, Hitachi and Fujitsu in integrated circuits, it is believed that the government

— in particular the Ministry of International Trade and Industry (MITI) — supports the inclusion of major European nations from the standpoint of global industrial development. To date, at least Britain and France have expressed interest.

In a related field, two Japanese firms — the Victor Co. of Japan and Matsushita — recently concluded separate agreements, respectively, with AEG Telefunken and Robert Bosch GmbH of West Germany to start joint production of VTRs in Europe. Mitsubishi Electric Corp. is reportedly looking for a site in Britain to expand its production of televisions. Sony, Matsushita and Hitachi (jointly with GEC of Britain) already have footholds in the British television market, and Toshiba recently announced that it would be reopening its Plymouth factory.

Cooperation in the development of commercial aircraft — one area where Japanese firms still have much to learn from the leading European and U.S. manufacturers — can be expected to take off in the years ahead. Already Japan's leading aircraft manufacturers are working together with a number of European companies in the joint development of an assortment of aircraft and jet engines.

### Jet Engines

In fact, most industry leaders in Japan are strong proponents of joint development to spread the risk and offset the enormous development costs. Kaneichiro Imai, a high-ranking official of Ishikawajima-Harima Heavy Industries (IHI) aero-engine and space division, said: "International cooperation is the only way to ensure success of any project for developing either a new aircraft or engine in the future."

Keiji Ikeda, managing director of the aircraft division at Mitsubishi Heavy Industries (MHI), concurs. In terms of technology, he said, although Japanese makers already have the know-how to produce large commercial jet aircraft, economically there is no market. "Frankly speaking, our sales network is not well-developed. Therefore, the development of such air-

craft will require international collaboration," he said.

The most significant project under way is the 140-billion-yen RJ-500 jet engine project, in which a consortium of three Japanese firms led by IHI are working together with Rolls Royce of Britain, on a 50-percent equity sharing basis, to develop and eventually market a nine-ton thrust engine for medium to short-haul commercial liners. The eight-year project, which was effectively inaugurated in the spring of 1980, has the Japanese firms (which are being subsidized by about 75 percent) developing fans and low-pressure turbines; Rolls Royce is responsible for the development of the compressors and high-pressure turbines.

The same three Japanese makers (IHI, MHI and Kawasaki Heavy Industries) have in recent weeks been discussed in connection with the joint development of a second and slightly larger jet engine (with 11- to 12-ton thrust), again to be in partnership with the British maker. The larger engine is being considered for a 150-seat commercial airliner — perhaps the McDonnell Douglas-Fokker MD-F100 — scheduled to go into service in 1990.

The biggest plumb on the horizon, however, for Japan's small but growing aircraft group is what is known as the YXX project. Following the successful joint development of the Boeing 767 aircraft (the YX project) this year by U.S., Japanese and Italian makers, Japan is planning to develop a 150-seat plane. The chairman of McDonnell Douglas Corp. of the United States and Fokker-VFW of the Netherlands recently called on MITI to choose the MD-F100 over other plans. The two makers, recognizing the need for risk-sharing because of the enormous costs of development, are reportedly looking with great interest at the likes of MHI, KHI, and Fuji Heavy Industries, all of which played key roles in the 767 development project, to help enhance potential market penetration in the Far East.

— ROGER SCHREFFLER

## The yen's possibilities.

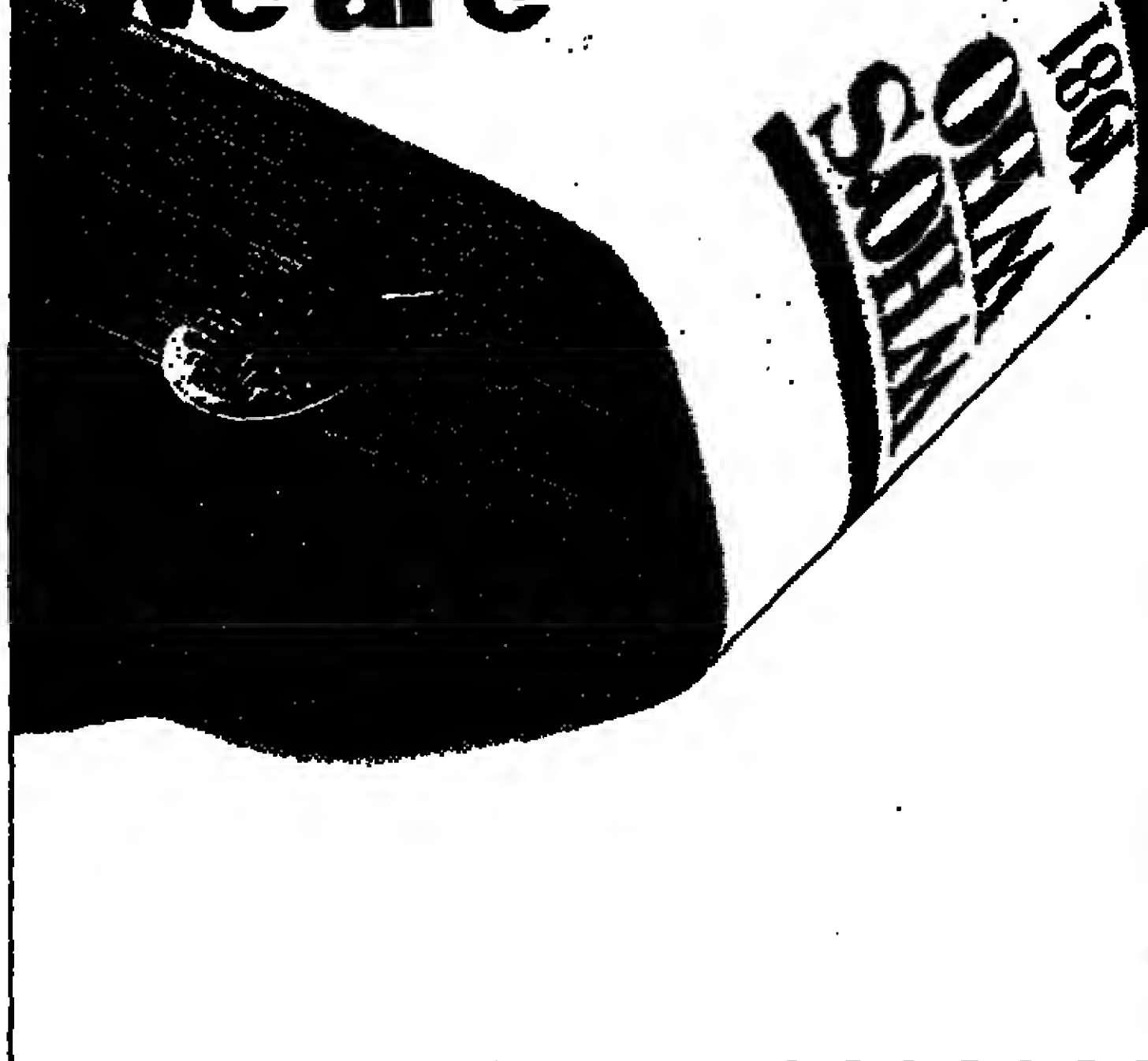
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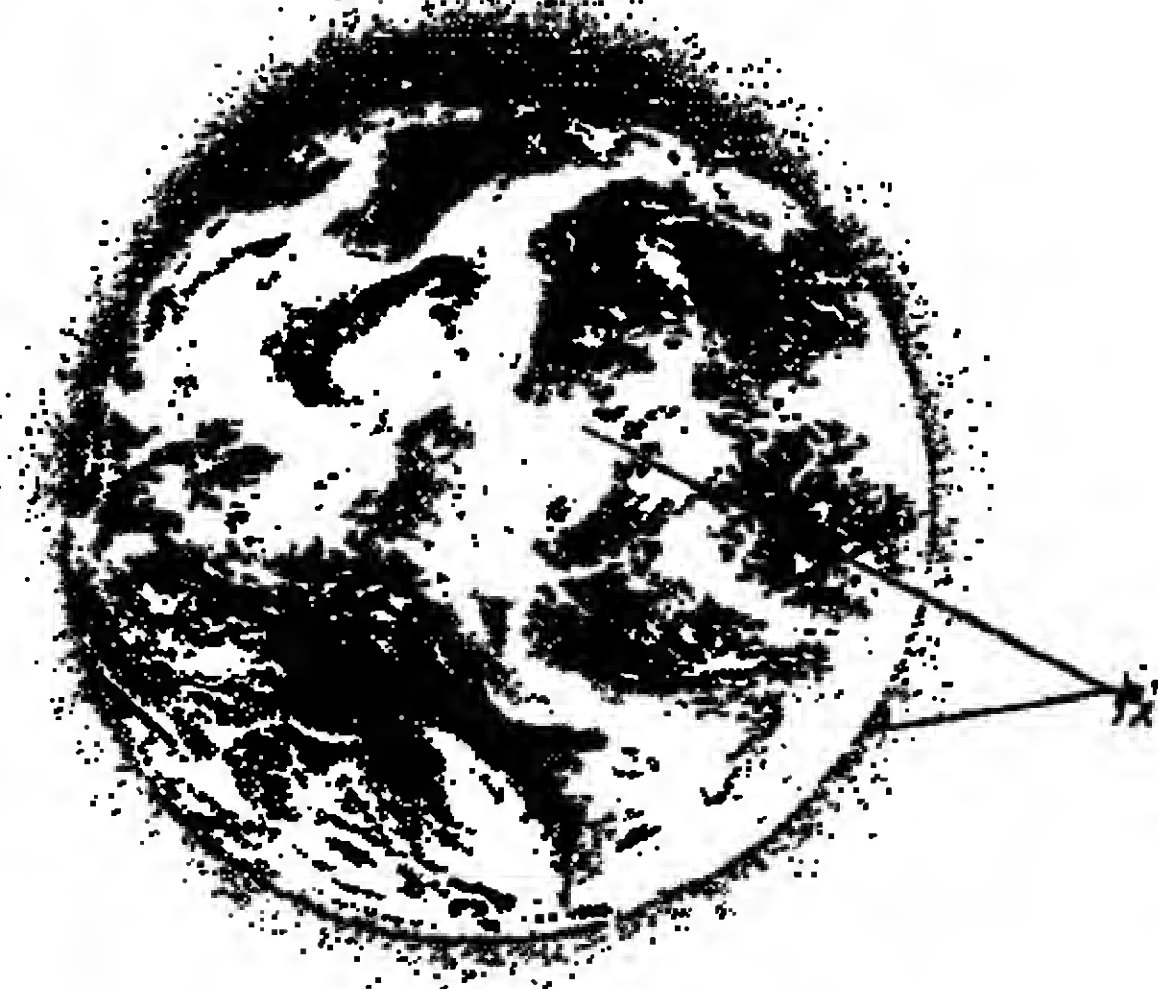
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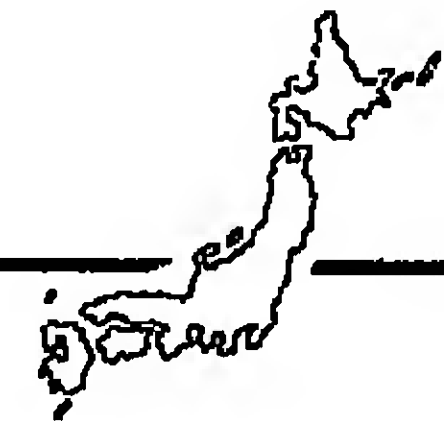


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# Changes Are Detected In Employee Loyalty

WHEN a Japanese university graduate is hired by a company, he does not join it but enters it, with the same dedication and finality that a novice vows to devote his lifetime to the discipline of a religious order. Therefore, he rarely toys with the idea of changing his employer even though he may be disenchanted with his job and feel that he is underpaid.

If in the Western world, where there is a good deal of employment mobility, the individual who remains with the same company for more than 10 years is "likely to be looked upon as a washout," as the newspaper Asahi Shimbun said in a recent editorial, in Japan the contrary is the rule. In this country's vertically organized society, the newspaper said, those who change employers tend to be considered corporate dropouts.

Because of the stigma attached to those who shift employers, few can hope to move to a better-paying job by doing so. This contributes to rigidity in the labor market, the editorial said.

The major national newspaper's comments have added fuel to a controversy over whether companies can continue to count on the traditional loyalty of their employees, a trait that has often been cited as a major strength of the economy.

**Survey of Workers**

The debate was touched off by the publication of a survey of 1,455 white-collar workers, ranging from clerks to managers of six leading chemical, electric appliance, textile and banking firms, by the Economic Research Institute of the Japan Machinery Promotion Association. The study showed that about 40 percent of those interviewed — who were from 20 to 50 years old — indicated that they would change jobs if they found more suitable employment or try to become self-employed before reaching retirement.

The mandatory retirement age in major business organizations used to be 55 until a few years ago but has generally been raised to 60.

Naotake Ida, a director of the Japan Recruit Center, the country's largest placement agency, denies that the findings suggest employee loyalty is being eroded. He said that the percentage cited were nothing new. "We handle only about 1,000 people who want to change jobs each year on a country-wide basis," he said. "And the majority of these are not per-

sons who are looking for a better opportunity while they are still relatively young but people who, with compulsory retirement staring in their faces, want to find useful employment in their twilight years."

Mr. Ida referred to a poll of 10,000 newly hired male university graduates that his agency carried out early this year in which 45.3 percent said they intended to remain with the same company until retirement, a marginal increase of 0.4 percent from a similar poll in 1980 and a more substantial 4.7-percent rise from 1979. Those who replied they would "not be reluctant to change jobs depending on conditions" dropped from 42.7 percent in 1979 to 42.6 percent in 1981, Mr. Ida said.

**Company Size**

The tendency to remain with an employer increases according to the size of the company, the survey found. While 52.1 percent of those who were hired by companies employing more than 5,000 people said they did not intend to seek change, only 34 percent of those who worked for firms with less than 100 employees said the same thing.

Annual surveys by the Recruit Center of university graduates about to begin a business career provide a psychological profile of young Japanese choosing jobs.

What they seek most, the studies show, is stability. This factor was named by 58.7 percent of 30,000 questioned in a 1980 poll. Next, 53.6 percent named a company's growth record, third with 52.6 percent was "good company traditions" and high earnings came fourth at 43.8 percent. Then, in decreasing order, were the company's technological and planning potential, its contributions to society, its size, its recognition of individual ability in making promotions, its company housing, recreation facilities and fringe benefit policies, and the trustworthiness of its top executives.

Other factors, with a weight of 25.5 percent or less, were international activities, the location of the offices, the firm's efforts to educate employees and the number of company holidays as well as overtime work regulations.

Nevertheless, there are changes under way in the Japanese employment scene.

The system of promotion by seniority instead of by ability has been indissolubly linked to the practice of lifelong employment

# Japanese Travel With New Aplomb

(Continued from Page 75)

in one topic at one time," said a travel official, rather wearily discussing the catastrophic impact of the ban on sex tours. "Everybody pointed at us and said, 'You're to blame,' but it's a matter of conscience. How can you keep a single man from trying adventures?"

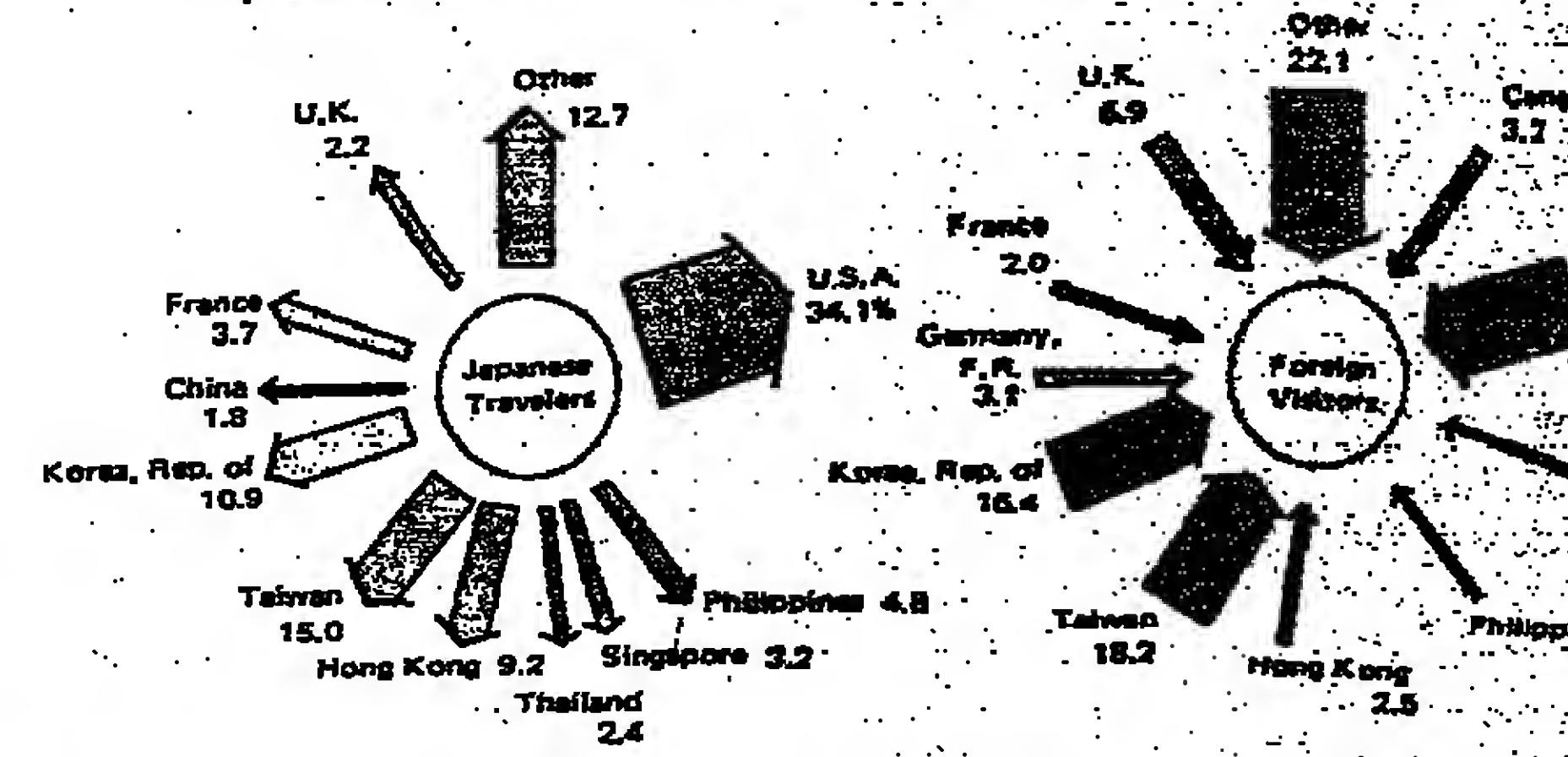
He attributed the outcry partly to the propensity of Japanese for traveling in groups. "There are many foreigners pouring into Bangkok for sex," he said, "but they are not criticized because they always travel alone while 80 percent of our sightseeing tourists go in group tours."

In any case, since Mr. Suzuki's trip to the Philippines the number of Japanese going there has dropped by 50 percent. Japanese travel agents abided by the agreement after the travel agents' association set an example by expelling one of its members for organizing a "secret" tour in collusion with an agency in Manila.

**Similar Agreements**

Now travel agents are worried that the association may reach similar agreements with other Asian countries, also pressured periodically by protests from women. Agents point out that more than 80 percent of Japanese abroad are pleasure-seeking tourists — and that 70 percent are men. Both South Korea and Taiwan offer their own versions of the sex tour. In Korea, a

Japanese Visiting Abroad and Foreign Visitors to Japan (1980)



kissing party begins in the cozy atmosphere of a restaurant with private dining rooms where the woman adroitly applies her quarry with food and drink before accompanying him to his hotel for the night.

"Japanese men like to feel superior to women," said a travel official, explaining some of the exotic appeal of girls from other Asian countries. "These ladies abroad can be very attentive. Japanese women used to be that way, but maybe they're getting spoiled, and Japanese bar hostesses are too expensive."

At the same time, Japanese women are not staying at home. Travel agents rank "office ladies" in their 20s among their best customers, with statistics showing that they made up 41 percent of the women who left Japan in 1980. "They are the vanguard of tourism," an agent said. "They go to places exclusively for sightseeing and buying, and often they find new places that the men overlook. They set the trends and styles. In

that sense, they are way ahead of the men."

Foreign travel by young women reflects their rising wages and low living expenses. Most of them still live with their parents, who sometimes give them extra money for travel, and use the freedom and leisure that have until they marry, at which point they are likely to give up their jobs, have children and manage homes in distant suburbs.

**More Sophisticated**

Whatever the Japanese's reasons for traveling abroad, however, travel agents are convinced that they are far more sophisticated about foreign countries than they were when they first ventured forth in large numbers in the mid-1960s. It was during that period that Japanese gained a certain notoriety for wandering down hotel corridors in their underwears, snoring their soup, counting their money in public and talking loudly and aggressively in bars and restaurants.

The Japanese are now more

apt to give an impression of sensitivity to local customs and feeling. One reason no doubt is the advice in a book by Seizo Sano, one of Japan's most popular cartoonists, in which he depicts obnoxious-looking Japanese doing all the wrong things with "X" marks to alert readers to mistakes.

An "X" for instance, appears over the head of a Japanese flunking through a ward of lunatics while two early looking boys show his shoes. Another "X" marks the picture of a Japanese swinging a bottle of whiskey in one hand and grabbing a girl with the other. An "X" marks a Japanese hand patting the head of a Thai child, in violation of Buddhist custom in Thailand.

"We're learning about the world," said a Japanese travel leader in Manila. "Japanese once were so isolated they hardly knew foreign customs were different. Now we're becoming aware of these things, but it takes a long time."

without layoffs or dismissals because of poor business, but this tradition has now run into growing resistance from the younger generation.

In a poll this year, newly hired persons said that they preferred to earn promotion through ability.

The overall ratio was 72.2 percent, rising to 79.4 percent among those who aspired to go into sales and 78.5 percent among those with technical or specialist abilities.

Furthermore, the traditional employee attitude of placing the company's interests above the welfare

of the family seems to be decreasing. While 30.4 percent of those interviewed replied that they intended to follow the mores and habits of their seniors, 67.1 percent said they felt that their home life was more important than their job.

This trend, the survey shows, is

particularly evident among those who have chosen a technical career — 73.8 percent cited their families — followed by those who intended to go into sales, at 71.6 percent. The ratio of those who gave precedence to their company's interests was higher (33.7 percent) among employees of companies with a work force of more than 5,000. Among those in firms with less than 100, the average score was 27 percent.

The management by consensus concept that prevails in Japan has required companies to adopt personnel education policies aimed at developing generalists, who in the opinion of a number of foreign critics of this practice, are jack-of-all-trades but master of none. Employees are periodically rotated to various company functions so that by the time they reach a managerial position they will be able to coordinate with their peers and thus further company-wide harmony.

This practice is also tending to increase resistance among younger employees. In a survey, 61.7 percent of those questioned said they wanted a specialist career. This is particularly evident among newly hired personnel in companies with less than 100 employees, when the average is favor of 87 percent against 53 percent in companies with personnel exceeding 500.

**Why do young Japanese choose a business career and what do they aspire to become?**

As to why, the answers to a 1981 poll, in order of importance, were to earn an income (56.6 percent), to show one's abilities (34.2 percent), to have a place to spend his leisure (12.8 percent) and to be useful to society (11.3 percent).

**Expense Accounts**

As to how far they expected to rise on the corporate ladder, 70.4 percent said that they could reach the highest managerial ranks, 29.2 percent replied that they were confident of becoming directors and 8.5 percent hoped to end their career in some sort of managerial position. But 32.8 percent blurted out: "I don't care what I become."

One of the attractions of being a businessman in Japan has been the corporate largess with expense accounts. The National Tax Authority reported that, in 1978, 14.4 million Japanese corporations had excesses in the year equivalent of \$12.6 billion in entertainment expenses, about \$34 million a day. The annual sum exceeded the \$9.8 billion paid as dividends by the same corporations. Entertainment costs average 4.55 yen for every 1,000 yen in sales, the agency said.

Such expenses have been described by Japanese executives as an essential lubricant for business, and young employees are taught early in their careers how important it is to "butter up" customers by entertaining them. This is a pleasant chore because it means not only free drinks and food in establishments that young employees cannot afford but also the services of hostesses who bolster their ego with pretended admiration.

If these social strictures and practices have deterred young, adventurous Japanese from launching their own businesses, the advent of new technologies is creating opportunities, particularly for those with special skills.

For instance, a growing number of computer systems engineers have started software houses. With computer-related business at 10 percent of the service industry, experts expect such independent high-technology undertakings to show fast growth in the coming years.

**Problem: Come up with the cash it takes to build an industry.**

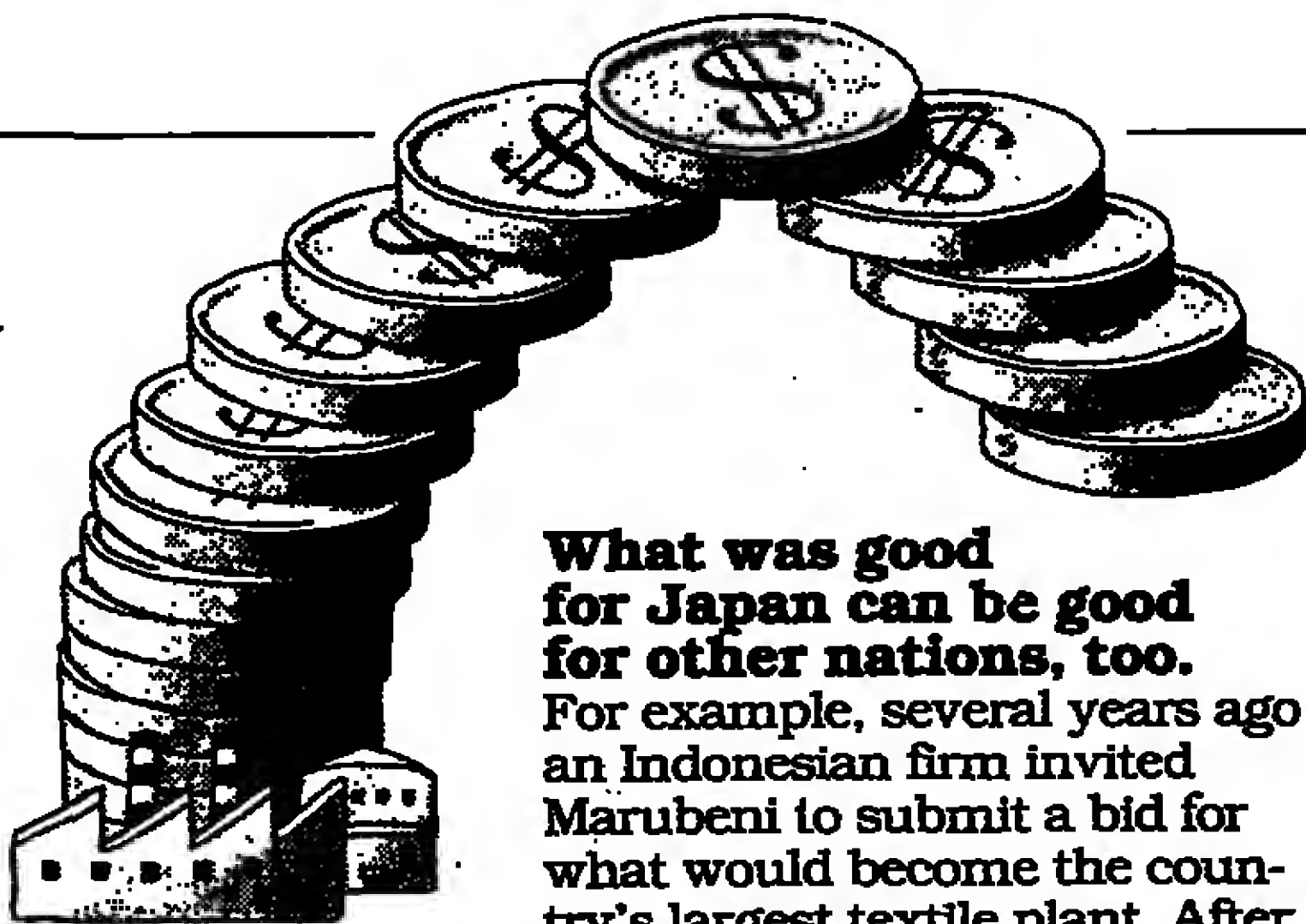
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**Comparison of Hourly Wages in Manufacturing (JAPAN=100)**

Year	JAPAN	France	Germany, F.R.	U.K.	U.S.A.
1970	100	137.2	224.2	184.8	416.1
1975	100	120.6	188.3	109.3	197.2
1977	100	105.6	176.9	80.9	179.9
1978	100	95.4	159.4	75.3	144.8
1979	100	112.8	183.5	97.1	156.5

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Sanwa Bank has recently completed a program to place "Quick Service Lobbies" in all its domestic branches. The latest automated tellers' machines and cash dispensers have been installed in these lobbies and they have been designed to provide a feeling of warmth. While emphasizing quick services through computerization, the bank has devoted strong attention to the human element. A new system of "Bank Lobby Consultants" has been introduced to provide more in-depth consulting on financial matters to the bank's individual clients. Through innovations in the areas described above and in other services, the bank has continued to emphasize its customer orientation.

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## 'New Rules' Urged To Aid Free Trade

**YOSHIIRO** Inayama, the president of Japan's influential Keidanren (Federation of Economic Organizations), who will soon head a government-sponsored economic mission to Europe, says that while the principles of free trade must be maintained, "new rules" should be worked out to determine when these principles being applied in a "very critical" situation for a country.

The mission will visit eight member nations of the European Economic Community as well as the EEC headquarters in Brussels from Oct. 5 to 22. This follows a pledge by Premier Zenko Suzuki during his European tour earlier this year to provide for "concrete discussions" between Japanese and European business leaders. In addition to Mr. Inayama, who is the honorary chairman of the Nippon Steel Corp., the group will include top-ranking executives from the automotive, chemical, electronic, machinery and food industries as well as trading and banking firms.

In the following excerpts from a wide-ranging interview in his office with Robert Y. Horiguchi, Mr. Inayama outlined the objectives of the mission:

**Robert Y. Horiguchi:** Will the principal purpose of your tour consist in seeking ways to correct the increasingly grave trade imbalance between Japan and the EEC?

**Yoshiiro Inayama:** That, of course, is a principal objective of the mission. However, from the time of my predecessor as president, Toshio Doko, the Keidanren has sent its representatives to EEC countries and we, in turn, have received visits from groups like ours from those nations. Since it is already two years since I have become president, I felt it was time that we should exchange views again on economic matters and, at the same time, deepen our friendship. At first, the Keidanren planned to go on its own, but the government has asked to make our mission an official one. While we wish to foster amity, we are, of course, interested in learning about the economic conditions and the political situations in EEC countries and also want to make a presentation of the state of affairs in our country.

As to the issue of trade imbalance, it is impossible under a free economic system for the Keidanren to tell people what they should buy [from abroad], nor do we have the authority to order people to restrict exports. Besides, our anti-

trust law must be taken into consideration in this respect.

However, we must strive to understand the difficulties facing each of us and to cooperate in solving them insofar as this is possible. For instance, the Keidanren is cooperating closely with the Merchandise Import Promotion Organization to enable various countries to hold trade exhibitions in Tokyo so that they may introduce to the Japanese public their products. We also advise the government on measures we consider desirable.

**Q:** In that case, the purpose of your mission will differ considerably from that of a Japanese mission that went to Europe two years ago?

**A:** Our group's objective will not consist in purchasing. A separate mission will be sent for that purpose. Our, being sponsored by the government, will have a different aim.

**Q:** A spokesman for the EEC delegation in Japan contends that the Japanese market remains closed and tends to be xenophobic. On the other hand, Nobuhiko Ushiba, the former minister for international economic affairs, has expressed the view that, with the exception of West Germany, the European perception of Japan lags five to 10 years behind the way the United States looks on Japan. Would you wish to comment on these opinions?

**A:** Even in the United States, there used to be people who accused Japan of keeping American steel products out of our market by imposing heavy customs tariffs when actually steel could be imported duty-free. It seems to me that the Americans now have a better understanding of Japan. Europeans complain that Japan only exports steel and does not buy any from Europe. They seem to ignore the fact that a buyer is free to choose his supplier and cannot be forced to buy from a specific source. That's how the free economic system works.

It is true that on some products, particularly those in the agricultural category, Japan is imposing import restrictions because of her domestic situation. But when a broad view is taken, it becomes clear that, once the provisions of the Tokyo Round of the General Agreement on Tariffs and Trade are in place, Japan will have the lowest average import tariff. This fact seems to be ignored, and only re-

## U.S. Ties: Gap Remains on Defense Issue

**THE REAGAN** administration's pressure on Japan to beef up its military establishment has touched off renewed debate here on how large a role Japan should play in filling the gap created by the decline of the U.S. military presence in Asia.

It also underscores the changing balance in U.S.-Japanese relations, in which Japan's once total faith in the United States has been replaced by doubt over U.S. readiness to come to Japan's aid in the event of aggression.

Although trade disputes have from time to time created tensions, their long-term impact cannot be compared with the political and security aspects of the two countries' relationship.

There was considerable resentment in Japan in the last few months over what the Japanese felt was excessive U.S. pressure to increase the military budget to the level that Washington considered necessary to match Japan's economic capability.

### Newspaper Editorial

The usually moderate nationwide newspaper Yomiuri reflected this feeling when it said editorially: "We are astonished at the ignorance of the political situation and the condition of public finances in Japan by the U.S., which again has demanded that this country greatly increase its defense spending. In a true alliance, one party does not try to force its views and demands on the other but rather endeavors to understand the other party's problems and situation."

U.S. Defense Secretary Caspar W. Weinberger and Secretary of State Alexander M. Haig Jr. are understood to have pressed Japanese leaders to raise military spending by about 9.7 percent next year, a request apparently encouraged by promises by Japanese Premier Zenko Suzuki to do his utmost to strengthen Japan's defense capability.

But there is a wide gap between what Washington perceives is necessary and what Japan feels it needs for an adequate defense force.

U.S. officials have told the Japanese that their buildup program adopted in 1976 no longer reflects the changing world situation, as seen in the Soviet buildup of naval power, SS-20 missiles and backfire bombers in the Far East.

In talks in Washington earlier this year, Mr. Suzuki said that his government could not increase its defense budget for 1981 beyond the 7.5 percent that had already been decided.

Although hard-liners in the ruling Liberal-Democratic Party favor a stronger Japan, there are several reasons why Mr. Suzuki was unable to acquiesce to U.S. wishes, even if he had wanted to.

One is that successive Japanese governments have made such a point of stressing the no-war, no-arms clause of the constitution that a sudden increase in military strength would be difficult to justify and would give the left an issue against the ruling party.

Another reason, related to the first, is that the government has made no effort to educate public opinion into viewing the defense establishment as a deterrent in maintaining Western security in Asia. Under the constitution, the defense forces exist only to defend Japan. They are forbidden to operate beyond Japanese borders, or even to participate in UN peacekeeping activities abroad. The Japanese tolerate their defense forces as a necessary but not necessarily useful trapping of a sovereign state.

Another factor is that the Japanese simply do not view the Soviet Union as a threat to the same extent as the United States. Preoccupied with achieving economic prosperity, they have had little time and less inclination to look at themselves in terms of the world power balance. Many Japanese believe that they would not have achieved their economic success had they been required to spend larger sums on defense.

Finally, there is Mr. Suzuki's commitment to cut government spending — a commitment almost as substantial to Japan as President Reagan's cutbacks in U.S. expenditure. The Suzuki government

has held the average increase in expenditure in the national budget to 4.3 percent, and because of this the 7.5-percent increase for defense was the maximum that Japanese officials felt they could get away with. Even so, it is certain that such an increase would not have been pushed through without strong pressure from Washington.

It was to these factors that Yomiuri was referring when it complained of Washington's failure "to understand the other party's problems and situation."

The resentment has since died down, but it has reinforced Japanese awareness that the United States is no longer the military power it once was in Asia.

### Vietnam Withdrawal

The awareness began with the U.S. withdrawal from Vietnam, and deepened over U.S. impotence in Iran and Afghanistan and the withdrawal of U.S. naval units from the Far East to protect the flow of Middle East oil. It has also been reflected in Japanese moves to develop closer political and economic ties with Europe. The late Premier Masayoshi Ohira remarked shortly before his death in 1980 that "the days are gone when we were able to rely on America's deterrent."

Against this background, doubt has inevitably grown over the United States' ability to meet its Security Treaty commitment with Japan. If any single event can be identified with the end of Japan's long postwar dependence on the United States, it is probably the Reagan administration's recent pressure on Japan to boost its defense capacity. As such, it opens a chapter in U.S.-Japanese relations. The future of this relationship will be influenced more by developments in Japan than in the United States.

The problem for Mr. Suzuki, and for administrations that succeed him, is finding public acceptance for a Japan that will pull its weight on the Western side in the world balance of power, and for the stronger defense establishment that this requires.

The Japanese have been accustomed to regarding their defense forces solely in terms of their national interest. The official line has been that the best way Japan can contribute to the peace and security of Asia is not by a military buildup but through its economic strength and political stability.

### Signs of Change

There are signs of change, however. The disclosure by former U.S. Ambassador to Japan Edwin O. Reischauer that U.S. warships carrying nuclear weapons had been calling at Japanese ports, and the ensuing uproar, made headlines for weeks on the grounds that this violated Japan's officially adopted three non-nuclear principles: not to allow the production, the possession or the introduction into Japan of nuclear weapons. But the uproar, it turned out, was largely the creation of the press. Public opinion turned out to be relatively minor, and a survey conducted by the Yomiuri afterward found almost 50 percent of the Japanese questioned ready to accept port call by nuclear-armed U.S. vessels as the price of staying under the U.S. nuclear umbrella.

The 7.5-percent increase in the defense budget also failed to generate the groundswell of opposition that the political left had hoped for.

One explanation cited for the lack of response is that the Japanese are too engrossed in enjoying the benefits of their material affluence to take much interest in things that do not have an immediate impact on their lives. Another explanation, which probably covers a broader scope of the population, is that Japan's emergence as a major economic power has helped the Japanese view their interests in a world context, and appreciate the responsibilities that this entails. But the public view has only begun to change. The future of Japan's security relationship with the United States rests heavily on how this political internationalization of Japan proceeds.

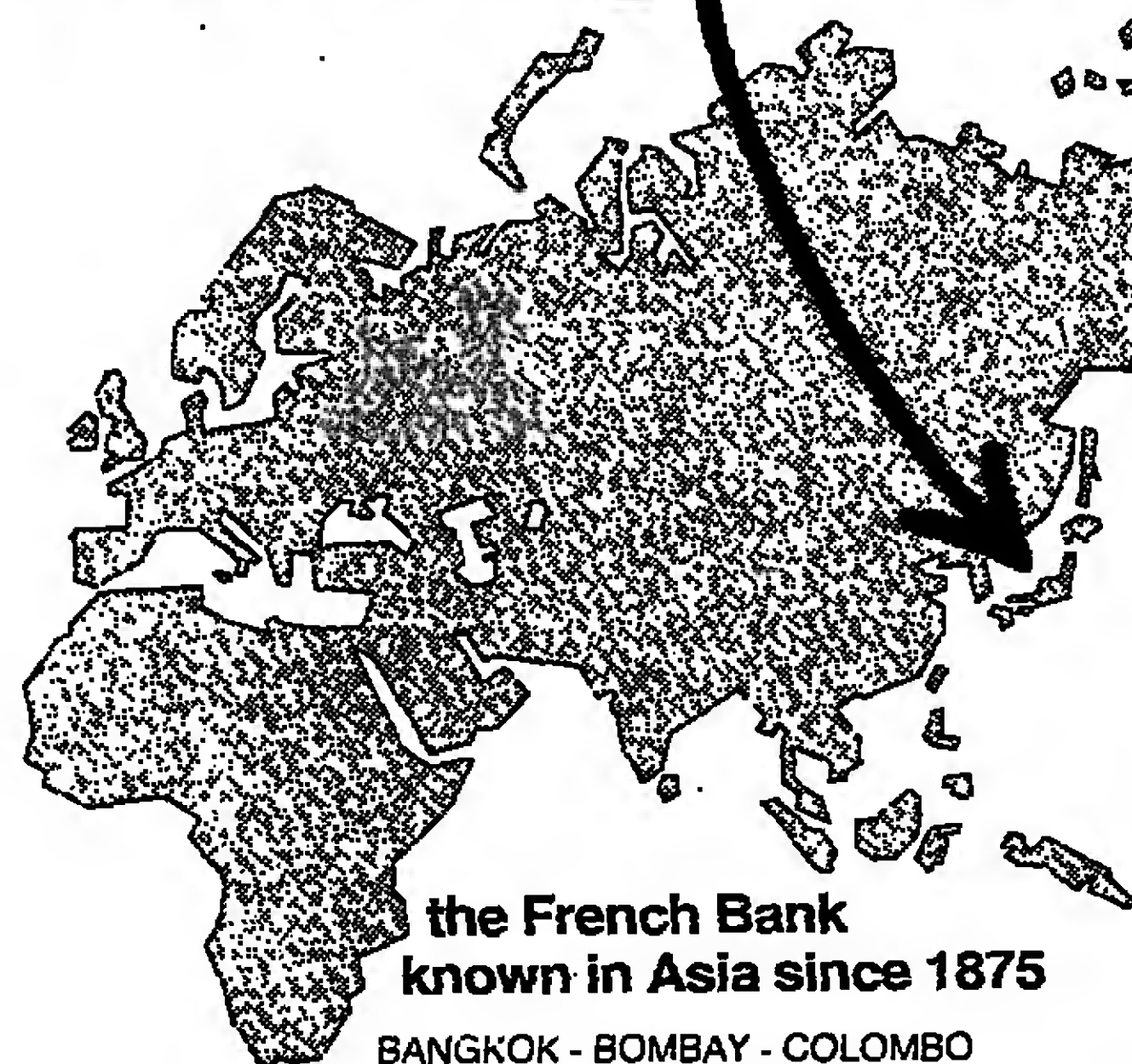
—KEN ISHII

spectations are blown out of proportion. That is why I feel that regular exchanges of views are necessary to dispel such misunderstandings. Their purpose is to trade truths about the actual situation in each country. Even we are surprised at the high tariffs that our country imposes on agricultural products. Philip Trezise, a former ranking

American trade negotiator, once asked me how long the Japanese people will continue to be forced to buy such high-priced food. We, too, are dissatisfied with this situation. But this is a matter for the government that we cannot solve. Looked at generally, Japanese import quota restrictions are fewer in number than those in ef-

(Continued on Page 185)

# here in Japan



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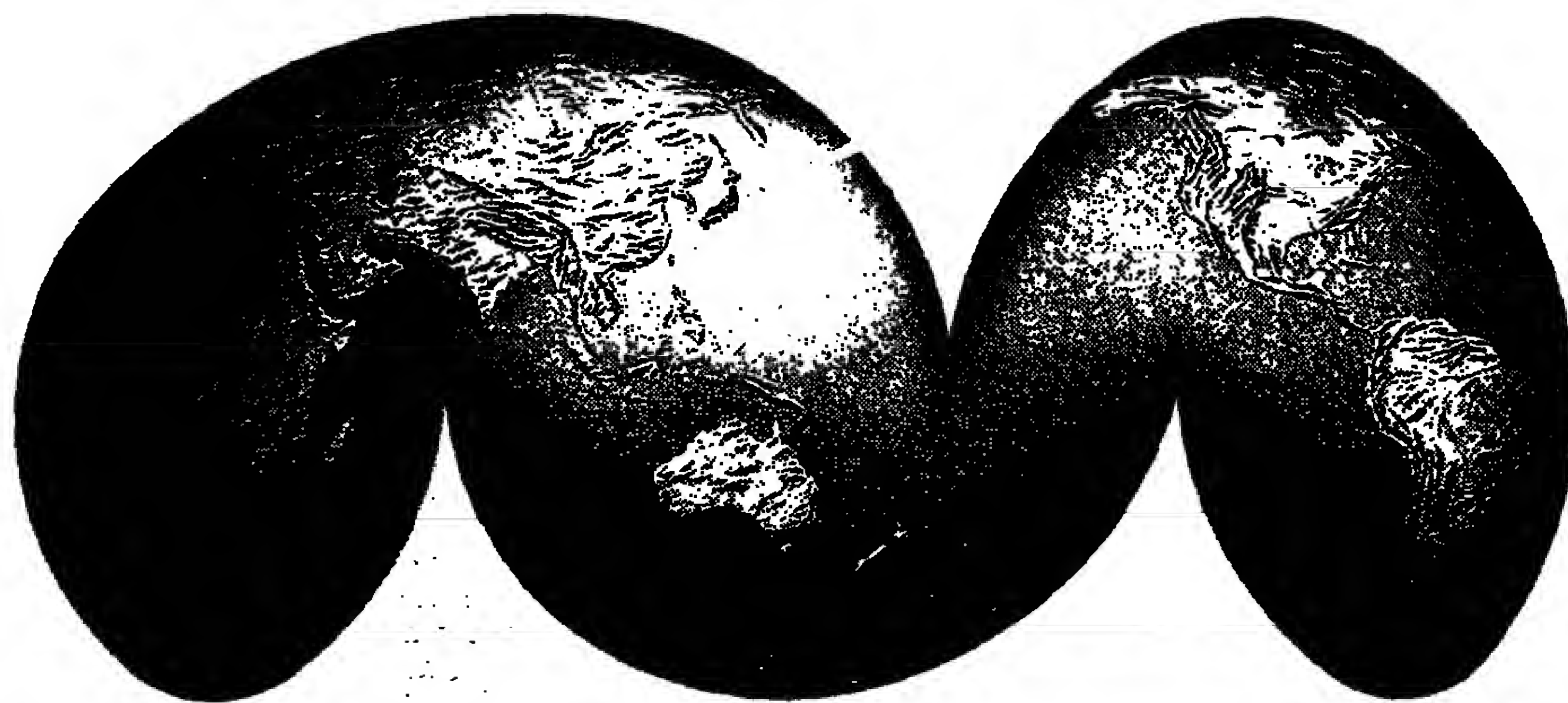
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# 'New Rules' Are Urged to Aid Free Trade

(Continued from Page 175)

fect in the European Community. We buy what we need, and under a free economic system it is difficult for us to accept the European contention that we should buy more goods with added value.

The buyer has the right to choose. However, should this premise prove to be flawed, I believe that a solution will have to be sought by using a different approach. In this respect, we in the steel industry exercise self-restraint in our exports to Europe. We do not export more than 1.2 million tons a year. Actually, our steel exports to the EEC are down to 800,000 tons annually.

Should a situation arise where there is reason to believe that a country's economic health is imperiled, import restrictions should

*'Should a situation arise where there is reason to believe that a country's economic health is imperiled, import restrictions should be invoked. I do not believe that such measures would be protectionist.'*

be invoked. I do not believe that such measures would be protectionist. Basically, it seems to be that, if the free economic system and free trade should bring about very critical conditions for a country, new rules should be established to deal with the situation. A solution cannot be sought otherwise.

As an industrialist, I look upon the EEC as a very valuable customer for our products and I feel that we must not lose this very important market as a result of misunderstandings. It is true that it is difficult for individual companies to exert self-restraint in exports, but trade associations can

help in achieving an overall arrangement. On the other hand, there is a limit to what we need. If we buy heavily from one country, other countries will complain. And should we buy overseas all we need, we wouldn't need a domestic industry.

It seems to me that there is room for industrial cooperation between Japan and the EEC. For instance, goods could be assembled in Europe with some European-made component parts for export to third markets. Japan has some excellent technology, which can be exported. Cooperation along such lines is going on very well in Ireland. The mission will include members who have applied this cooperation formula with success in Europe and intend to develop this concept further. There are also possibilities of European investment in Japan. One example is the agreement reached between the Nissan Motor Co. and Volkswagen to assemble cars in Japan for export.

**Q:** What about Japanese investments in Europe?

**A:** Before investments can be made, it must be determined that a demand for the projected goods exists. Investments are made for profit, and profitability depends on sales. Since there is no shortage of European capital, I do not think that there is room left for Japanese investments in industrial areas of assured profitability. Under such circumstances, I believe it is best for Japan to offer to transfer technology. This will not have an immediate effect in reducing the trade surplus in Japan's favor recorded last year, but in the long run it should help in reducing the trade imbalance.

# Schooling: Its Role in Industry

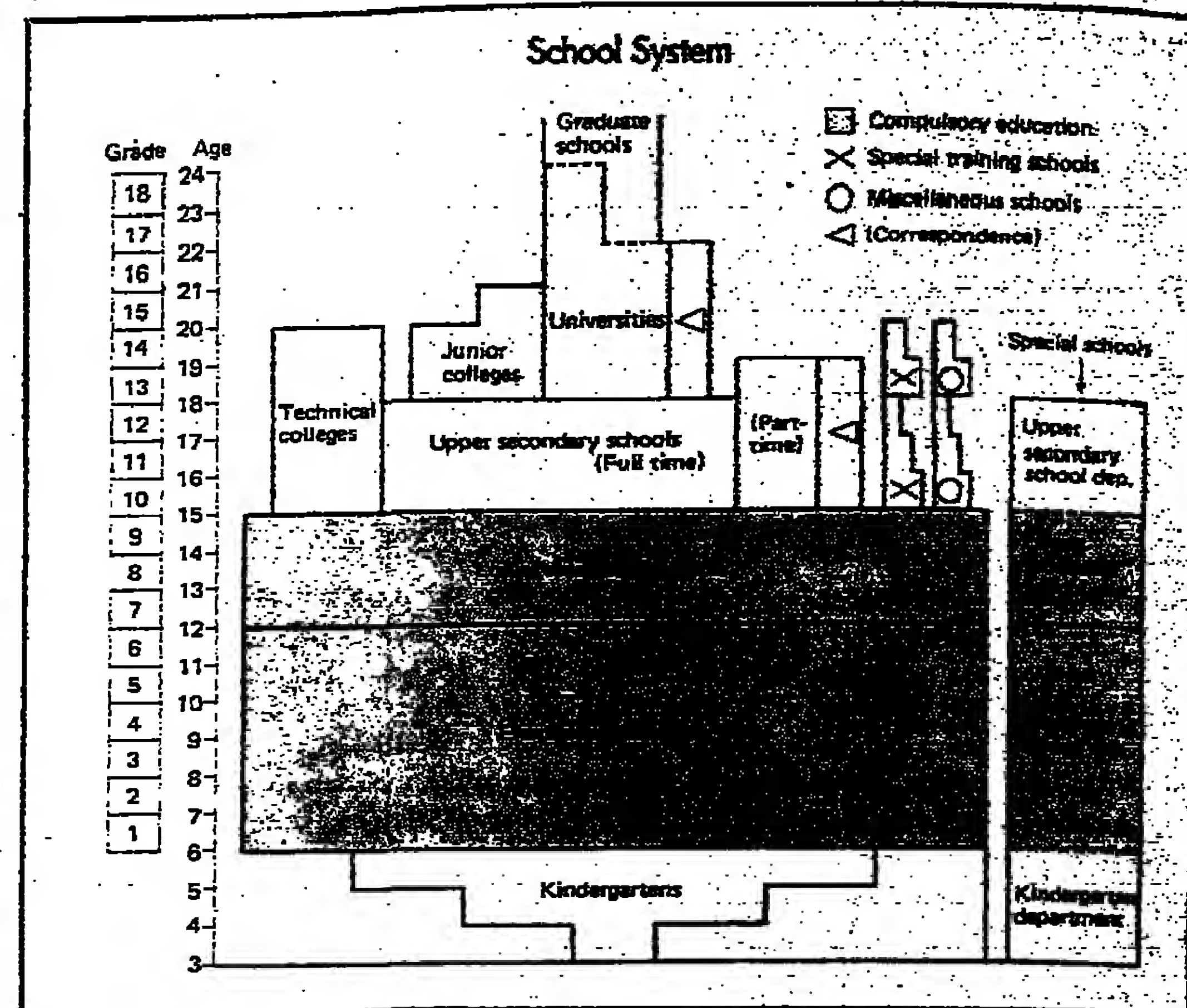
AS EDUCATORS and government officials in the industrialized West, worried by the technological progress and industrial success of the Japanese, begin to re-examine their science education programs, they would be wise not to jump to hasty conclusions about the Japanese educational system and its philosophy.

While the Japanese system is good in certain areas, it is not a panacea. Many of the nation's recent successes can be attributed to factors other than formal schooling — such as teamwork, stable expectations and lifelong employment — that are byproducts of the society and culture.

Nonetheless, many of Japan's trading partners are attempting to revitalize their depressed traditional industries in the face of overwhelming Japanese competition. They are concerned that they may be left behind in the high-technology industries of the future — computers, high-speed integrated circuits, fiber optics and so forth — where in many cases they are presently unable to compete on equal footing, even in research and development, with the Japanese.

Education in Japan is compulsory through the ninth grade, and the nation's illiteracy rate stands at an impressive 0.7 percent, the second-lowest in the world, behind the Soviet Union. In 1980, 94.2 percent of all students who graduated from lower secondary or junior high school went to high school.

According to a recent white paper on education, Japan ranks second only to the United States in the number of high school graduates going on to further education. In 1980, 37.9 percent of high school graduates went on. At present, more than 2.26 million individuals are enrolled at one of the nation's more than 1,000 universities, junior colleges and technical colleges — 10 times the number that were enrolled 30 years ago.



It is believed that one of the key factors behind Japan's technological success is that about 20 percent of bachelor's degrees and 40 percent of master's degrees are awarded to engineers. There are about 300,000 researchers in Japan, virtually all of them employed in the private sector, according to the Education Ministry. In the United States, in contrast, engineers account for only about 5 percent of each year's graduating class.

Numbers tell only part of the story. Hitoshi Watanabe, vice president of the Nippon Electric Co. (NEC) and former director of the firm's R&D small systems division, doubts whether the quality of science and technological education is better than it was before and shortly after the war. "Before the war," he said, "there were fewer high schools and universities in Ja-

pan than there are today. But the level of education was very high. Following the war, while the number of schools has increased, the quality is not as high."

A longtime foreign educator in Japan also said he was not convinced that the quality of university science education had improved. He noted that students who graduate with technical backgrounds cannot be certain whether they will be chosen for technically oriented jobs, thus reducing the incentive to study in the university. "The real job training is done after the student enters the company," he said.

Mr. Watanabe, while generally pleased with the caliber of young recruits entering his company — "They have generally learned the necessary basics," he said — confirmed that all young NEC engineers must be "re-educated" at the company's school.

Judging from recent developments in secondary education, it does not appear that this problem will be reduced soon. With a greater number of students going on to high school, the Education Ministry has been forced to further water down the mathematics and science curriculum. In the coming year, public and private school systems will introduce a new integrat-

ed science program at the lower high school level. While interested students will still be able to take differentiation, integration, probability and statistics — at least officially — the number of required mathematics and science courses will be halved.

In pointing out the need to improve the top echelon of students, Nobutaka Ito of the Education Ministry noted that, although Japan has "a few students who are really talented, our system emphasizes the average. And consequently we also have very few dropouts." In other countries, this type of emphasis on the average is often associated with mediocrity; in Japan, it is at the basis of the social order.

In spite of pressure to level out the education process, Japanese students apparently seek first in the world in mathematics at the primary and lower secondary school levels, according to a report by the International Education Association. A foreign observer said, however: "Although the Japanese student is transcending in the mechanical calculating phase of mathematics, the same student generally has tremendous difficulty in the logical or reasoning side."

— ROGER SCHWABER

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# JAPAN

Area	377,600 square kilometers
Population (Dec. 1980)	117.22 million
Net annual rate of population increase (per 1,000 inhabitants, 1975-1980)	1.0
Currency	228.025 yen = \$1
Gross National Product (1980)	235,734 billion yen
Growth rate (1975-80)	5.1 percent
Commodity exports (f.o.b., 1980)	\$121.649 billion
Commodity imports (f.o.b., 1980)	\$124.575 billion

Source: OECD Economic Surveys, Japan, July, 1981.

Note: Other charts and tables published in this special supplement were provided by the statistics bureau of the office of the Japanese premier.



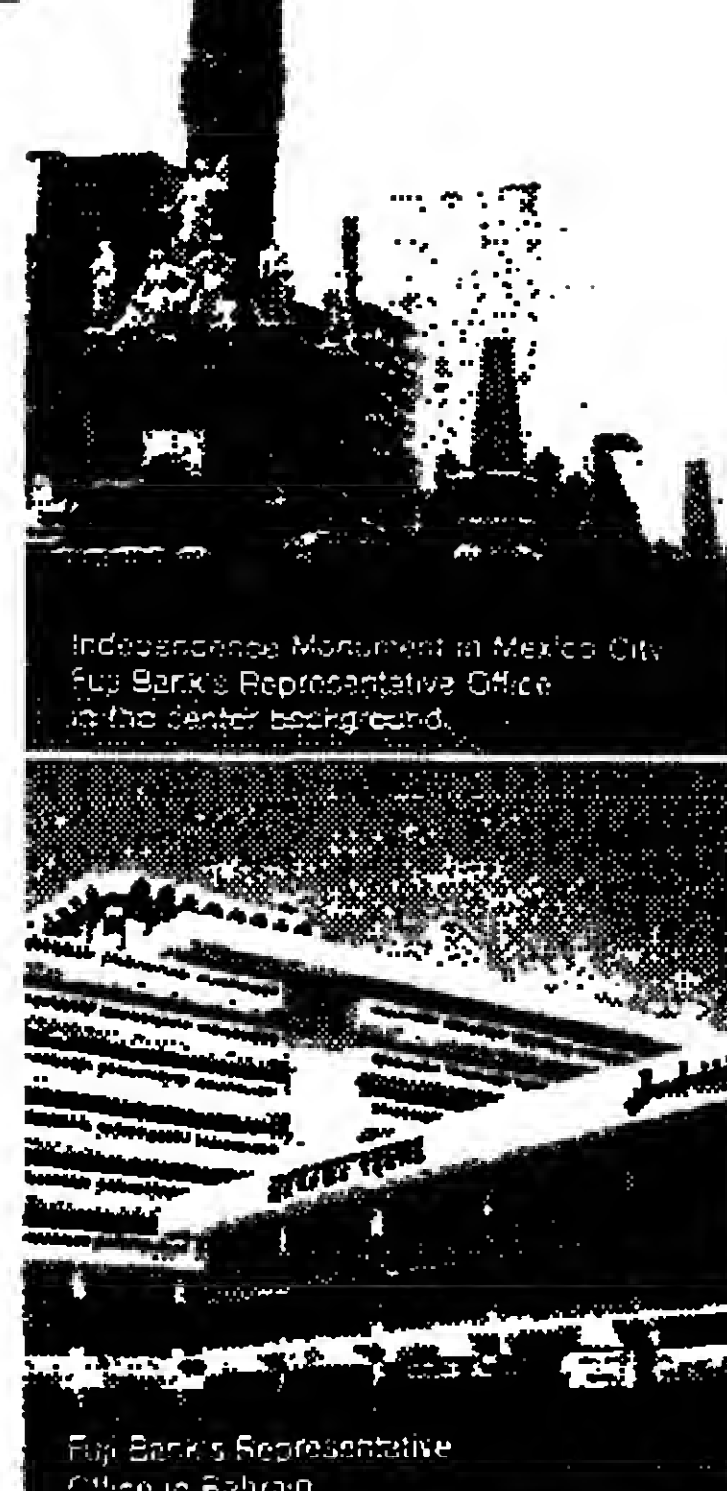
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# Nu-West Says Cities Service To Buy Back 7.2% of Stock

**AP-Dow Jones**  
NEW YORK—Nu-West Group Monday agreed to sell its 7.2-percent stake in Cities Service back to that company for slightly more than \$307 million.

Nu-West said Cities Service had agreed to pay \$51 for each of the 6.02 million common shares Nu-West owns. Nu-West bought the shares in the late spring for \$272 million, or about \$45 each. The company disclosed in August that it was seeking a buyer for its Cities Service stake. At that time Mesa Petroleum and Cities Service were mentioned as possible buyers.

Nu-West, a Calgary, Alberta, real estate and oil and natural gas concern, always maintained that its acquisition of Cities Service stock was for investment purposes only. It left itself free, however, "to consider other alternatives." But there was speculation that Nu-West might use its Cities Service holdings as a means to negotiate the purchase of Cities Service's

Canadian oil and natural gas assets. Such speculation drove the Cities Service stock price up to more than \$69 a share a few weeks ago.

In August, Ralph Scurfield, Nu-West's president, said that the increased interest costs associated with its purchase of the Cities Service shares and record interest rates for its routine business borrowing had severely hurt earnings and cash flow.

Garnet Wells, a Nu-West vice president, said Monday that the two companies had discussions "over the course of last week" regarding the proposed sale of the Cities Service shares. "They offered to buy our shares at \$51 a share," he added. He said that while other companies also were interested in buying the shares, "at this point, we decided it was our best option [to sell to Cities Service] considering the outstanding legal issues and everything else."

### Dividends

Company	Per. Annu.	Pay. Date	Ex. Date
Amstar	1.00	11-15	11-15
Amstar Corp.	1.00	11-15	11-15
Amstar Int'l.	1.00	11-15	11-15
Amstar Paper	1.00	11-15	11-15
Amstar Text	1.00	11-15	11-15
Amstar Fibre	1.00	11-15	11-15
Amstar Laminates	1.00	11-15	11-15
Amstar Plastics	1.00	11-15	11-15
Amstar Chemicals	1.00	11-15	11-15
Amstar Packaging	1.00	11-15	11-15
Amstar Specialty	1.00	11-15	11-15
Amstar Services	1.00	11-15	11-15
Amstar Equipment	1.00	11-15	11-15
Amstar Real Estate	1.00	11-15	11-15
Amstar Investments	1.00	11-15	11-15
Amstar Financial	1.00	11-15	11-15
Amstar Insurance	1.00	11-15	11-15
Amstar Services	1.00	11-15	11-15
Amstar Equipment	1.00	11-15	11-15
Amstar Real Estate	1.00	11-15	11-15
Amstar Investments	1.00	11-15	11-15
Amstar Financial	1.00	11-15	11-15
Amstar Insurance	1.00	11-15	11-15

### Tokyo Exchange

Company	Price	Change
Asahi Chem.	1,200	+10
Asahi Glass	1,100	+5
Asahi Indus.	1,300	+15
Asahi Paper	1,400	+20
Asahi Textile	1,500	+25
Asahi Chemicals	1,600	+30
Asahi Packaging	1,700	+35
Asahi Specialty	1,800	+40
Asahi Services	1,900	+45
Asahi Equipment	2,000	+50
Asahi Real Estate	2,100	+55
Asahi Investments	2,200	+60
Asahi Financial	2,300	+65
Asahi Insurance	2,400	+70
Asahi Services	2,500	+75
Asahi Equipment	2,600	+80
Asahi Real Estate	2,700	+85
Asahi Investments	2,800	+90
Asahi Financial	2,900	+95
Asahi Insurance	3,000	+100

## Floating Rate Notes

Closing prices, Sept. 21, 1981

Bank	Coupon	Rate	Yield
Amstar	100%	12.00%	12.00%
Amstar Corp.	100%	12.00%	12.00%
Amstar Int'l.	100%	12.00%	12.00%
Amstar Paper	100%	12.00%	12.00%
Amstar Text	100%	12.00%	12.00%
Amstar Fibre	100%	12.00%	12.00%
Amstar Laminates	100%	12.00%	12.00%
Amstar Plastics	100%	12.00%	12.00%
Amstar Chemicals	100%	12.00%	12.00%
Amstar Packaging	100%	12.00%	12.00%
Amstar Specialty	100%	12.00%	12.00%
Amstar Services	100%	12.00%	12.00%
Amstar Equipment	100%	12.00%	12.00%
Amstar Real Estate	100%	12.00%	12.00%
Amstar Investments	100%	12.00%	12.00%
Amstar Financial	100%	12.00%	12.00%
Amstar Insurance	100%	12.00%	12.00%
Amstar Services	100%	12.00%	12.00%
Amstar Equipment	100%	12.00%	12.00%
Amstar Real Estate	100%	12.00%	12.00%
Amstar Investments	100%	12.00%	12.00%
Amstar Financial	100%	12.00%	12.00%
Amstar Insurance	100%	12.00%	12.00%

## NYSE Nationwide Trading Closing Prices Sept. 21

Tables include the nationwide prices up to the closing on Wall Street.

Stock	High	Low	Close	Change
Amstar	120.00	118.00	119.00	+1.00
Amstar Corp.	110.00	108.00	109.00	+1.00
Amstar Int'l.	130.00	128.00	129.00	+1.00
Amstar Paper	140.00	138.00	139.00	+1.00
Amstar Text	150.00	148.00	149.00	+1.00
Amstar Fibre	160.00	158.00	159.00	+1.00
Amstar Laminates	170.00	168.00	169.00	+1.00
Amstar Plastics	180.00	178.00	179.00	+1.00
Amstar Chemicals	190.00	188.00	189.00	+1.00
Amstar Packaging	200.00	198.00	199.00	+1.00
Amstar Specialty	210.00	208.00	209.00	+1.00
Amstar Services	220.00	218.00	219.00	+1.00
Amstar Equipment	230.00	228.00	229.00	+1.00
Amstar Real Estate	240.00	238.00	239.00	+1.00
Amstar Investments	250.00	248.00	249.00	+1.00
Amstar Financial	260.00	258.00	259.00	+1.00
Amstar Insurance	270.00	268.00	269.00	+1.00
Amstar Services	280.00	278.00	279.00	+1.00
Amstar Equipment	290.00	288.00	289.00	+1.00
Amstar Real Estate	300.00	298.00	299.00	+1.00
Amstar Investments	310.00	308.00	309.00	+1.00
Amstar Financial	320.00	318.00	319.00	+1.00
Amstar Insurance	330.00	328.00	329.00	+1.00

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Closing Prices, Sept. 19, 1981

Stock	High	Low	Close	Change
1000 Conquest	42.00	41.00	41.50	+0.50
1000 Conquest A	43.00	42.00	42.50	+0.50
1000 Conquest B	44.00	43.00	43.50	+0.50
1000 Conquest C	45.00	44.00	44.50	+0.50
1000 Conquest D	46.00	45.00	45.50	+0.50
1000 Conquest E	47.00	46.00	46.50	+0.50
1000 Conquest F	48.00	47.00	47.50	+0.50
1000 Conquest G	49.00	48.00	48.50	+0.50
1000 Conquest H	50.00	49.00	49.50	+0.50
1000 Conquest I	51.00	50.00	50.50	+0.50
1000 Conquest J	52.00	51.00	51.50	+0.50

### European Gold Markets

Sept. 21, 1981

Market	Price	Change
London	375.00	+2.00
Paris	376.00	+2.00
Zurich	377.00	+2.00
Frankfurt	378.00	+2.00
Geneva	379.00	+2.00
Basel	380.00	+2.00
Brussels	381.00	+2.00
Madrid	382.00	+2.00
Barcelona	383.00	+2.00
Lisbon	384.00	+2.00
Amsterdam	385.00	+2.00
Stockholm	386.00	+2.00
Copenhagen	387.00	+2.00
Helsinki	388.00	+2.00
Tallinn	389.00	+2.00
Riga	390.00	+2.00
Vilnius	391.00	+2.00
Kiev	392.00	+2.00
Moscow	393.00	+2.00
Beijing	394.00	+2.00
Tokyo	395.00	+2.00
Osaka	396.00	+2.00
Manila	397.00	+2.00
Bangkok	398.00	+2.00
Colombo	399.00	+2.00
Singapore	400.00	+2.00
London	401.00	+2.00
Paris	402.00	+2.00
Zurich	403.00	+2.00
Frankfurt	404.00	+2.00
Geneva	405.00	+2.00
Basel	406.00	+2.00
Brussels	407.00	+2.00
Madrid	408.00	+2.00
Barcelona	409.00	+2.00
Lisbon	410.00	+2.00
Amsterdam	411.00	+2.00
Stockholm	412.00	+2.00
Copenhagen	413.00	+2.00
Helsinki	414.00	+2.00
Tallinn	415.00	+2.00
Riga	416.00	+2.00
Vilnius	417.00	+2.00
Kiev	418.00	+2.00
Moscow	419.00	+2.00
Beijing	420.00	+2.00
Tokyo	421.00	+2.00
Osaka	422.00	+2.00
Manila	423.00	+2.00
Bangkok	424.00	+2.00
Colombo	425.00	+2.00
Singapore	426.00	+2.00
London	427.00	+2.00
Paris	428.00	+2.00
Zurich	429.00	+2.00
Frankfurt	430.00	+2.00
Geneva	431.00	+2.00
Basel	432.00	+2.00
Brussels	433.00	+2.00
Madrid	434.00	+2.00
Barcelona	435.00	+2.00
Lisbon	436.00	+2.00
Amsterdam	437.00	+2.00
Stockholm	438.00	+2.00
Copenhagen	439.00	+2.00
Helsinki	440.00	+2.00
Tallinn	441.00	+2.00
Riga	442.00	+2.00
Vilnius	443.00	+2.00
Kiev	444.00	+2.00
Moscow	445.00	+2.00
Beijing	446.00	+2.00
Tokyo	447.00	+2.00
Osaka	448.00	+2.00
Manila	449.00	+2.00
Bangkok	450.00	+2.00
Colombo	451.00	+2.00
Singapore	452.00	+2.00

### Montreal Stocks

Closing Prices, Sept. 19, 1981

Stock	High	Low	Close	Change
1000 Conquest	42.00	41.00	41.50	+0.50
1000 Conquest A	43.00	42.00	42.50	+0.50
1000 Conquest B	44.00	43.00	43.50	+0.50
1000 Conquest C	45.00	44.00	44.50	+0.50
1000 Conquest D	46.00	45.00	45.50	+0.50
1000 Conquest E	47.00	46.00	46.50	+0.50
1000 Conquest F	48.00	47.00	47.50	+0.50
1000 Conquest G	49.00	48.00	48.50	+0.50
1000 Conquest H	50.00	49.00	49.50	+0.50
1000 Conquest I	51.00	50.00	50.50	+0.50
1000 Conquest J	52.00	51.00	51.50	+0.50

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John F. McClelland  
Chairman and Chief Executive Officer

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AMEX Nationwide Trading Closing Prices Sept. 21

Tables include the nationwide prices up to the closing on Wall Street.

Table of AMEX Nationwide Trading Closing Prices for Sept. 21, 1981. Includes columns for stock symbols, prices, and changes. Lists various companies like AAV, AIC, AIZ, etc.

Table of U.S. Commodity Prices for Sept. 21, 1981. Includes sections for Chicago Futures (Wheat, Corn, Soybeans), Cash Prices (Grains, Oilseeds), and Commodity Indexes (Foodstuffs, Metals).

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices for Sept. 21, 1981. Includes sections for London Metals Market, International Monetary Market, Dow Jones Averages, and Standard & Poors.

Eurocurrency Interest Rates

Table of Eurocurrency Interest Rates for Sept. 21, 1981. Lists rates for various currencies and maturities.

Selected Over-the-Counter

Table of Selected Over-the-Counter closing prices for Sept. 21, 1981. Lists prices for various securities.

European Stock Markets

Table of European Stock Markets for Sept. 21, 1981. Includes sections for Amsterdam, Paris, London, and Brussels.

International Monetary Market

Table of International Monetary Market for Sept. 21, 1981. Lists exchange rates for various currencies.

Dow Jones Averages

Table of Dow Jones Averages for Sept. 21, 1981. Lists the Dow Jones Industrial Average and other indices.

Standard & Poors

Table of Standard & Poors for Sept. 21, 1981. Lists the Standard & Poors 500 Index.

NYSE Index

Table of NYSE Index for Sept. 21, 1981. Lists the NYSE Composite Index.

London Metals Market

Table of London Metals Market for Sept. 21, 1981. Lists prices for various metals.

International Monetary Market

Table of International Monetary Market for Sept. 21, 1981. Lists exchange rates.

Dow Jones Averages

Table of Dow Jones Averages for Sept. 21, 1981. Lists the Dow Jones Industrial Average.

Standard & Poors

Table of Standard & Poors for Sept. 21, 1981. Lists the Standard & Poors 500 Index.

NYSE Index

Table of NYSE Index for Sept. 21, 1981. Lists the NYSE Composite Index.

New York Futures

Table of New York Futures for Sept. 21, 1981. Lists prices for various futures contracts.

London Commodity

Table of London Commodity for Sept. 21, 1981. Lists prices for various commodities.

WALL STREET REPORT - 16-page Wochenpublikation. Includes information about the report and contact details.

INTERNATIONAL INCOME FUND - provides the following choice of investments: Short Term 'A' Units, US Exclusively invested in US Dollar instruments with maturities less than 12 months, Short Term 'B' Units, Invested in Instruments.







# With Every Miss, Free-Swinging Stargell Makes Contact With a Record

By Jim Murray  
Los Angeles Times Service

LOS ANGELES—It was the 12th inning of a tie game. Out of the dugout rumbled the familiar bulk of the most beloved figure ever to play the game, or at least since Babe Ruth.

Wilver Dornell Stargell, everybody's grandpa, the kind of guy kids would climb on the knee of and tell him what they want for Christmas. The head of the family, dressed in black and gold, and wearing No. 8.

He stood there, pinwheeling the bat as though it were a silver in his massive hands. Then, he drove a clean single to right. It moved the runner to third, from where he later scored the winning run. But up in the clubhouse, the pitcher's teeth and slammed their pencils into counters.

Why? Doesn't everybody love Willie Stargell? Isn't he the kind of man who would stand with tears in his eyes over a hospital bed-and promise sick little boys he'd try to hit a home run for them?

Sure he is. Only, Stargell isn't supposed to hit singles. It's the worst thing he can do. It's anti-history.

You see, that was the 1,266th single Wilver had hit. His 2,212th hit of any kind. But it could have been his 473rd home run. And it could have been his 1,911th strikeout. We historians would opt for the strikeout.

Everytime Stargell hits a homer, he climbs a notch. He's 15th on the all-time list. But everytime he strikes out, he sets a record. Just like Pete Rose getting a hit. Stargell has a chance to become the first guy to rack up 2,000 strikeouts in a career. He could put that record up there where no one will ever get a shot at it. The baseball strike might have ruined one of the grandest records in all baseball.

Ruth never made 2,000 strikeouts. He batted out of a lousy .360. That was good enough for his era. But 19 guys have rushed by him in today's game. Stargell is making the world forget Ruth.

Stargell is going into the Hall of Fame as a guy who hit 472 homers, scored 1,189 runs, drove in 1,519 runs, won the 1979 World Series. But he is also going in the Hall of Fame as the guy who made Ruth, the most prodigious wind factory in his day, look like a contact hitter. Stargell is, simply, the most consistent miser of the ball in baseball history.

Oh, we may expect the old time purists, the custodians of Babe's legend, to look for loopholes. These are the guys who sniffed that Henry Aaron took Ruth's homer record away from him by playing in 700 more

games and going to bat 4,000 more times. But the facts are. Stargell obliterated Ruth's record by playing in 250 FEWER games and going to bat 500 FEWER times. No asterisks after Stargell's record. It's all his.

"It's not easy to set a mark like that," Stargell warned as he stood in the Pirate dugout the other night. "It takes concentration, dedication. You know, you come in this game, and in your career, you're going to have to bat 10,000 times. Who says you're going to go 0-for-7,000? But you do. It's what you do with the 3,000 that counts."

To set the strikeout record, Stargell conceded, you have to be prepared to make certain sacrifices. For instance, unlike the rest of baseball, you have to be sure you're in the lineup every day. J.R. Richard pitches. Feigning a bad back on that day is a no-no for strikeout artists.

You must be prepared never to let the pitcher sneak Ball 4 past you. Foul it off, if you must. Miss it if you can. You have to come up in an era when you look out on the mound and see Sandy Koufax out there. Or Bob Gibson. Or Tom Seaver. Always let the pitcher get ahead of you. Ruth ruined an otherwise perfect strikeout career by walking 2,056 times, the most of anybody.

There's no telling where Stargell might have put the mark if he hadn't been platooned. LARRY "The Hat" Walker, when he was manager for three of Stargell's 20 years, was one of those hit-the-ball-where-it's-pitched type guys, and he set Stargell down against left-handed pitching. And left-handed pitching is where you pile up the strikeouts.

Setting Stargell down against any kind of pitching is unforgivable, anyway. You not

only lose strikeouts, you lose games. Pennants. Walker's gaffe might have cost history 100 strikeouts. But it's for sure it cost Stargell the 30 homers he needs to join the dozen or so who have hit more than 500 in their careers.

So, Stargell will go to join Koufax, Walter Johnson, Cy Young, and Bob Feller—guys who got in the Hall of Fame by strikeouts. You have to be an awful good player to get 2,000 strikeouts. Managers give up on lesser players before they reach 200.

In the dugout, the infielder, Bill Madlock, happened by as Stargell was being interviewed. "Say," he demanded puckerily, "get him to tell you about strikeouts." "We've already discussed that up front," Stargell told him with frosty dignity. "But, I didn't miss the ball, little fella. They just didn't throw it where I was swinging." Could Babe Ruth have put it any better?

returning for his fourth. Ricci was asked what chance the Italians might have on their first attempt.

"We begin now, and we know the problems," he replied. "Bich began with one hand over his eyes because it was impossible for him to look American technology. He had only the idea of a 12-meter. He didn't have one of the best 12 meters in the world," said Ricci, who is leaving his construction business in the hands of his brother for the next two years.

"When you have the best, you can take a big step in a little time. So for us, it is possible."

working relationship with Lauda at Brabham. Watson says he would get a bonus from Lauda's acknowledged skill at testing and setting up the racing configuration of the car.

None of the parties publicly is discussing what Lauda might earn, but one source close to the discussions said he would "certainly be asking well over a million dollars a year."

Lauda is only 32. By comparison, Reutemann is 39 and Jones nearly 35—both at the height of their careers.

Reasons for Quitting

In explaining why he quit, Jones denied he had lost his nerve.

The 1980 World Formula One champion said last week in London that a reason for his retirement was that he was unhappy with the current Formula One regulations.

"At the beginning of the season you had people altering the regulations who didn't know what they were doing and the people who do know what they are doing found the loopholes."

"You have a car which is legal in the pits then illegal on the circuit and legal when it comes back in again... It's a ridiculous situation and one day someone will fault a Grand Prix and through no fault of his own, he'll be disqualified. It'll be a stigma on the sport and is totally ridiculous."

Jones will quit after the Las Vegas Grand Prix next month to concentrate on building up a farm and a pub near Melbourne. "I can't do that and go Formula One racing, so I've given the Formula One racing away."

laid pending verification of its ability to hold the races should it win the cup. The other challengers are England, Sweden and four from Australia.

The Italian challenge, a \$4-million project, was launched by Karim El Hussein Shah, the Aga Khan, who reportedly put up about 25 percent of the funds and then organized a consortium of a dozen Italian companies to underwrite the balance.

Considering that Baron Marcel Bich of France quit in discouragement after three cup challenges and that Alan Bond of Australia is

## Morton Throws for 4 Touchdowns As Broncos Trample Colts, 28-10

Denver appearance at quarterback in the fourth quarter, and the Broncos threatened to score twice more, but were unsuccessful. Denver allowed time to expire with the ball at the Baltimore 1.

Chargers 42, Chiefs 21

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-21 victory over the Chiefs.

The Chargers were ahead by 28-7 in the second period, after their passing offense tore open the Kansas City defense. But then the Chiefs rallied in the second half and trailed by 35-31 in the fifth minute of the final quarter after a Nick Lowery field goal.

The San Diego defense then put the game away with 1:53 left. Charger linebacker Linden King deflected a pass by Chief quarterback Bill Kenney at the Kansas City 10 yard line. Leroy Jones intercepted the ball, hurried several yards, then lateraled to linemate Gary Johnson, who ran in for the touchdown.

Fouts failed for the first time in eight games to pass for 300 yards or more. After missing on his first five passes, Fouts completed 18 of the next 26 passes for 250 yards in the first half. But the Chiefs stopped Fouts cold in the second half for only three completions in 12 attempts for 34 yards. He was also intercepted three times.

The Chiefs outgained the Chargers, 426 yards to 398, but gave up eight in the 11 turnovers in the game.

Bears 28, Bucs 17

In Chicago, quarterback Vince Evans accounted for two touchdowns—one running, one-passing—as the Bears thumped Tampa Bay, 28-17. Chicago turned two interceptions thrown by Tampa Bay quarterback Doug Williams into scores and rookie Jeff Fisher added an 88-yard punt return for a touchdown for the Bears, who had been contained by Tampa Bay's defense throughout most of the first half.

Rams 35, Packers 23

In Anaheim, Calif., Jeff Rutledge, replacing the injured Pat Haden, directed Los Angeles to three touchdowns in a 7-47 span of the second half and Wendell Tyler ran for 108 yards to power the Rams to a 35-23 victory over Green Bay. Haden sustained bruised ribs on a tackle, and Rams Coach Ray Malvasi said the player could be sidelined for several weeks.

Giants 20, Saints 7

In East Rutherford, N.J., Phil Simms carved up an inexperienced New Orleans secondary for 324 yards—his best pro effort—, including a 12-yard touchdown pass to Gary Shirk, and Joe Danelo kicked a club-record 55-yard field goal to lead the Giants over New Orleans, 20-7. The Saints played without injured quarterback Archie Manning.

Raiders 20, Seahawks 10

In Oakland, fullback Derrick Jensen, who replaced the injured Mark van Eeghen early in the game, scored from one yard out in the final period to clinch Oakland's 20-10 victory over Seattle. Raiders quarterback Jim Plunkett passed for one touchdown and ran for another. A pair of fourth-quarter Seahawks drives ended deep in Oakland territory on a fumble recovery by Burgess Owens and an interception by rookie Ted Watts.

In other games, Cleveland edged Cincinnati, 20-17; Minnesota nipped Detroit, 26-24; Miami held off Houston, 16-10; Pittsburgh overpowered the New York Jets, 38-10; Atlanta blitzed San Francisco, 34-17; and St. Louis stopped Washington, 40-30.

James Lofton of the Packers snares a Lynn Dickey pass in the Los Angeles end zone while the Rams' Pat Thomas looks on.



James Lofton of the Packers snares a Lynn Dickey pass in the Los Angeles end zone while the Rams' Pat Thomas looks on.

## Foreign Challengers Line Up Early Italian Yacht Joins Fleet Chasing the America's Cup

NEWPORT, R.I. With a mighty heave, Cino Ricci pushed the 12-meter Enterprise, minus spars, off one dock and into the harbor, then let the momentum carry the 67-foot sloop to another dock. Here Ricci and two crewmen lined up the racing yacht with the travelift to have it hauled in preparation for its long journey, first to New York by truck and then to Italy by merchant ship.

If Ricci, a 45-year-old Italian helmsman, treats his elegant yacht somewhat casually, it is because he's been practicing. America's Cup practice apparently has become a permanent condition of summer here in Newport. Although the next challenge for the Cup is not until 1983, Enterprise, which is now owned by the Italian syndicate, and France 3 practiced nearly every day from mid-July to mid-September.

For Ricci, this is only the beginning. Enterprise, Freedom's trial horse for last summer's cup defense, is en route to Genoa. From there it will be brought to Sardinia for a month so that members of the Yacht Club Costa Smeralda, which issued the challenge, can have a look at her. Then Ricci will take it to La Spezia, a coastal town between Genoa and Rome, for practice throughout the winter and spring while the new Italian 12-meter boat, designed by Andrea Vaccelli, is being built.

Vaccelli says Ricci, probably will make one more trip to Newport next summer because he will need other 12-meter boats to practice against and the new Italian yacht will not be ready until July.

But Frank Williams of the Williams team said that Alan left it so late that he knows there is not one potential championship-winning driver available to replace him.

He said Argentine Carlos Reutemann, leading the 1981 World Championship, "has told me he wants to stay with me... but he has not actually signed." Reutemann says that he will not decide until after the season.

Renault has signed Alain Prost and Rene Arnoux for another season, while Ferrari says Gilles Villeneuve and Didier Pironi will stay, although some observers have doubts about Pironi.

There also are doubts about an announcement that Elio de Angelis and Nigel Mansell will stay at Lotus, as de Angelis openly has been canvassing other teams.

Former world champion Mario Andretti still has to give an answer to Alfa Romeo, and has not ruled out returning to U.S. teams.

McLaren has been promised a decision by Lauda by the end of September. John Watson, who is staying with the team, had a good

working relationship with Lauda at Brabham. Watson says he would get a bonus from Lauda's acknowledged skill at testing and setting up the racing configuration of the car.

None of the parties publicly is discussing what Lauda might earn, but one source close to the discussions said he would "certainly be asking well over a million dollars a year."

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Jones will quit after the Las Vegas Grand Prix next month to concentrate on building up a farm and a pub near Melbourne. "I can't do that and go Formula One racing, so I've given the Formula One racing away."

## NFL Standings

AMERICAN CONFERENCE										
Eastern Division										
Team	W	L	T	PF	PA	Pct.				
Miami	3	0	0	44	27	1.000				
Buffalo	2	1	0	42	33	.667				
Baltimore	2	2	0	42	33	.667				
New England	2	2	0	31	43	.500				
N.Y. Jets	1	3	0	40	39	.250				

National Football League action Sunday										
Team	W	L	T	PF	PA	Pct.				
Chicago	2	1	0	73	71	.667				
San Diego	2	1	0	47	27	.667				
Pittsburgh	2	1	0	47	27	.667				
Cleveland	2	1	0	37	33	.667				

National Football League action Sunday										
Team	W	L	T	PF	PA	Pct.				
San Diego	3	0	0	114	48	1.000				
Kansas City	2	1	0	87	85	.667				
Oakland	2	1	0	62	59	.667				
Denver	2	1	0	47	30	.667				
Seattle	1	2	0	44	57	.333				

National Football League action Sunday										
Team	W	L	T	PF	PA	Pct.				
Philadelphia	3	0	0	57	27	1.000				
A.T. Giants	2	0	0	47	27	1.000				
St. Louis	2	0	0	44	30	1.000				
Washington	1	2	0	47	83	.333				

National Football League action Sunday										
Team	W	L	T	PF	PA	Pct.				
San Francisco	3	0	0	71	33	1.000				
Green Bay	2	1	0	54	75	.667				
Chicago	2	1	0	49	31	.667				
Minnesota	2	1	0	49	31	.667				
Tampa Bay	1	2	0	48	40	.333				

National Football League action Sunday										
Team	W	L	T	PF	PA	Pct.				
Atlanta	3	0	0	92	34	1.000				
Los Angeles	2	1	0	72	73	.667				
San Francisco	2	1	0	72	73	.667				
New Orleans	1	2	0	30	44	.333				

## Major League Standings

AMERICAN LEAGUE										
Eastern Division										
Team	W	L	T	PF	PA	Pct.				
Detroit	24	16	2	408	379	.591				
Baltimore	21	17	2	382	379	.556				
Milwaukee	21	17	2	382	379	.556				
Chicago	19	19	2	352	379	.500				
New York	18	21	1	328	379	.463				
Toronto	18	21	1	314	379	.463				
Cleveland	18	22	0	329	420	.450				

National League										
Eastern Division										
Team	W	L	T	PF	PA	Pct.				
St. Louis	21	17	2	382	379	.556				
Philadelphia	19	19	2	352	379	.500				
Chicago	16	22	1	410	420	.423				
Seattle	16	22	1	410	420	.423				
San Diego	13	25	0	354	420	.341				

## CFL Standings

EASTERN DIVISION										
Team	W	L	T	PF	PA	Pct.				
Ottawa	8	2	0	274	214	.800				
Montreal	7	3	0	234	209	.700				
Hamilton	6	4	0	198	143	.600				
Toronto	0	11	0	109	142	.000				

WESTERN DIVISION										
Team	W	L	T	PF	PA	Pct.				
Edmonton	9	1	0	344	304	.909				
Calgary	8	2	0	277	248	.800				
Winnipeg	5	5	0	200	212	.500				
Quebec	5	5	0	200	212	.500				

## Sunday's Major League Linecores

AMERICAN LEAGUE										
Game	Time	TV								
California (2) vs. Toronto (1)	7:00	9								
Zinn, Jeter, Johnson (4), Asse (4) and Ott; Lou Marvay (1), Barnock (3), R.L. Jackson (7), L.A. Knutson (8) and S.M. Martinez (9) vs. Boston (1), S.L. Zane (5), H.R. Torres (6), M. Berry (13), V. Rice (11), T. Cox (2).										
Value (11), T. Cox (2).										
San Diego (2) vs. New York (1)	7:00	9								
John and Carrano; Murali, Calabrese (4) and Calabrese; Woodbridge (1), L. Jones (4), H.R. Torres (9), P. Perez (2).										
Washington (2) vs. Baltimore (1)	7:00	9								
Calabrese (1), Cleveland (1), McClain (4), Mueller (1) vs. M. Berry (13), S.M. Martinez (9), Woodbridge (1), Calabrese (4), Calabrese (4), Calabrese (4), Calabrese (4), Calabrese (4).										
Philadelphia (2) vs. Cleveland (1)	7:00	9								
Calabrese (1), Cleveland (1), McClain (4), Mueller (1) vs. M. Berry (13), S.M. Martinez (9), Woodbridge (1), Calabrese (4), Calabrese (4), Calabrese (4), Calabrese (4).										
San Francisco (2) vs. Oakland (1)	7:00	9								
Calabrese (1), Cleveland (1), McClain (4), Mueller (1) vs. M. Berry (13), S.M. Martinez (9), Woodbridge (1), Calabrese (4), Calabrese (4), Calabrese (4), Calabrese (4).										

## Met Rally Shoots Down Cardinals

NEW YORK — Mookie Wilson, whose error allowed St. Louis to take a lead in the top of the inning, hit a two-out, two-run homer in the ninth Sunday to give the New York Mets a 7-5 victory over the St. Louis Cardinals.

The Mets' sweep of the three-game series pulled the team into sole possession of third place in the NL East. 21½ games behind the first-place Cardinals. It also reduced St. Louis' lead over second-place Montreal to 1½ games.

With two out in the ninth, Frank Taveras doubled off Bruce Sutter (3-4) and Wilson followed by hitting a 3-and-1 pitch to right field for his third home run of the season. Neil Allen (6-5) worked the final two innings to gain the victory.

Expos 4, Cubs 0

In Montreal, Bill Gullickson pitched a three-hitter with 13 strikeouts and Warren Cromarie scored two runs as the Expos defeated Chicago, 4-0. Gullickson had a no-hitter until the fifth when Leon Durham doubled to center field. He raised his record to 5-8 with his second shutout and third complete game of the season. He also reached the 100-strikeout plateau for this season.

Phillies 5, Pirates 4

In Philadelphia, Pete Rose singled home the go-ahead run and Mike Schmidt hit his 27th home run of the season in a four-run seventh inning as the Phillies overcame a 1-3 deficit and defeated Pittsburgh, 5-4.

## Reds 5, Dodgers 1

In Los Angeles, Cincinnati smashed out 13 hits to back the seven-hit pitching of Mario Soto as it completed a three-game sweep with a 5-1 triumph over the Dodgers. Dan Driessen led the Reds' attack with three singles and in three RBIs.

Braves 3, Padres 1

In San Diego, Claudell Washington singled home the game-winning run with no outs in the 11th to give Atlanta a 3-1 victory over the Padres.

Astros 7, Giants 3

In San Francisco, Tony Scott had four hits, including a home run, in support of Nolan Ryan's seven-hitter, as Houston defeated the Giants, 7-3.

Tigers 5, Indians 1

In the American League at Cleveland, Lou Whitaker doubled home Lynn Jones with the go-ahead run in the ninth and Steve Kemp hit a three-run double to make Jack Morris a 13-game winner and give Detroit a 5-1 victory over the Indians. The decision, combined with Milwaukee's loss, returned the Tigers to first place in the AL East.

Orioles 8, Milwaukee 2

In Baltimore, Lenn Sakata had four hits, including two home runs, and batted in five runs to help the Orioles defeat Milwaukee, 8-2. Eddie Murray drove in two Baltimore runs with his 19th homer.

Red Sox 4, Yankees 1

In Boston, Tony Perez drove in

## Blue Jays 6, Angels 3

In Toronto, the Blue Jays rallied from a 3-0 deficit on solo home runs by John Mayberry, Otto Velez, and Ted Cox, for a 6-3 victory over California. It was the Angels' sixth consecutive loss and 14th in their last 15 games.

White Sox 11, A's 3

In Chicago, Jim Morrison hit a two-run homer to pace the White Sox over Oakland, 11-3.

Mariners 3, Royals 2

In Seattle, Tom Paciorek doubled home the winning run in the seventh inning as the Mariners edged Kansas City, 3-2.

Rangers 4, Twins 3

At Arlington, Tex., Jim Sundberg's pinch single to right field scored pinch runner Wayne Tolson with the winning run as Texas defeated Minnesota, 4-3.

## Multimillion Dollar Challenge

Robert McCullough, chairman of the New York Yacht Club's America's Cup Committee, estimates there could be as many as 20 multimillion-dollar 12-meter yachts in Newport next summer when all the foreign and U.S. practice yachts and competitors arrive.

McCullough also has estimated that \$20 million will be spent on the 1983 America's Cup series, including \$10 million to build one or two 12-meter yachts, United Press International reported.

He said last week that the New York Yacht Club will spend \$300,000 on the preliminary trials, which choose a foreign challenger and U.S. defender, and the final competition for the trophy.

The yacht club has accepted a record nine challengers for 1983, including the Canadian challenge whose acceptance had been de-

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PEOPLE: Inflation Hits Formula For Marrying Money

It's been 30 years since Doris Lilly wrote "How to Marry a Millionaire"...

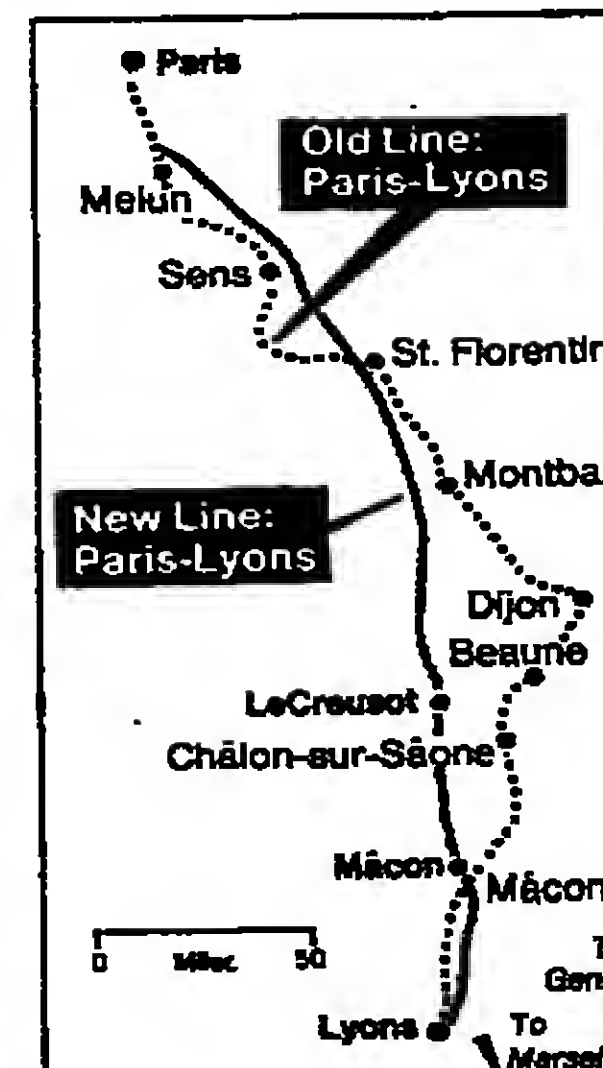
She conquered the bulls of traditionalism and sexism, and Raquel Martinez then thrust her sword between the shoulder blades of a flesh-and-blood beast named TKT...

Success, and there's been a lot of it lately, gives rock singer Pat Benatar "a weak stomach."

France's Super Train Will Take to the Tracks Today

By Frank J. Prial New York Times Service

PARIS — At 2:18 p.m. today a sleek, low-slung orange-colored passenger train will glide out of the Gare de Lyon here and head down a clear track toward Lyons...



In northern Burgundy, near the old Roman town of Saint-Florentin, the conductor will announce over the speaker system: "Ladies and gentlemen, we are switching to the new, high-speed line."

The dazzling speed of these bullet-like trains, by far the fastest in the world at an average of 260 kilometers an hour...

The line is the same gauge as existing tracks in France and most of Europe...

deep ballast for stability are employed. All curves are 4,000 yards or more in radius. But the new line's most important characteristic is its steep grades...

Two factors enable the TGV to zoom up and down such comparatively tremendous grades. One is sheer power: Because electric trains, unlike steam or diesel, leave most of their power plant and all their fuel standing on terra firma...

The other secret of the TGV is a law of physics. The kinetic energy of a moving body equals its mass times the square of its velocity.

Paris in exactly four hours, a trip that now takes 6 hours and 40 minutes on the fastest trains.

On Feb. 26, TGV No. 16, running along the special Paris-Lyons right-of-way set a world record of 380 kilometers — 230 miles — an hour.

The previous commercial passenger train speed record also set by the French — a Paris-Lyon train — was in 1955.

Group of TGVs lined up for a group portrait.

Art Buchwald Comradely Inflation

WASHINGTON — The only good news story I could find in the paper last week was that the Russians are suffering from two-digit inflation also.



"Misha, how many times have I told you Lenin is dead?" "No matter, his teachings live on. How can the average person in the Soviet Union live if they keep raising the prices on everything?"

"You know what's wrong with this country? You have a bunch of bureaucrats sitting on their tails, telling everybody what's good for them. Well, they don't know beans about what's good for us."

Roman Aqueduct Found The Associated Press AVELLINO, Italy — A 2,000-year-old Roman aqueduct was discovered during construction work at the Alfa-Nissan factory...

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